

U.S. v. Manafort

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1 UNITED STATES DISTRICT COURT
 2 FOR THE EASTERN DISTRICT OF VIRGINIA
 ALEXANDRIA DIVISION

3 -----x
 4 UNITED STATES OF AMERICA, :
 : Criminal Action No.
 : 1:18-CR-83
 5 versus :
 :
 6 PAUL J. MANAFORT, JR., :
 : August 6, 2018
 7 Defendant. : Volume V
 8 -----x

9 TRANSCRIPT OF JURY TRIAL
 10 BEFORE THE HONORABLE T.S. ELLIS, III
 UNITED STATES DISTRICT JUDGE

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P R O C E E D I N G S

(Court proceedings commenced at 1:33 p.m.)

THE COURT: Contrary to public opinion, Mr. Flood was not previously a Marine Corps drill sergeant, but he does a good job.

All right. The record will reflect that the defendant and counsel for the Government and counsel for the defendant are present, prepared to proceed in this case, which is U.S. against Manafort. What's the number, Margaret?

(Discussion off the record.)

THE COURT: 83 -- 18-CR-83.

All right. And as I recall -- before we get the jury in, is there anything that needs to be done, Mr. Andres?

MR. ANDRES: Very briefly, Judge. Your Honor, I don't know if it's the practice of the Court to give an instruction to the jurors about whether they run into counsel and other people outside the courtroom, but I know I was in the elevator with a juror this morning. Obviously I said nothing. But if Your Honor was inclined to just say to the jury that we're not being rude, but that we're under --

THE COURT: Yes, I'll do that. I'll do that.

MR. ANDRES: Okay. Thank you, Judge.

THE COURT: Anything else?

MR. ANDRES: Just secondly, to the extent we've identified previously the idea that -- the idea of any marital

1 infidelity on the part of a witness is not necessarily
2 reflective of truthfulness and not necessarily a relevant
3 ground for cross-examination.

4 We've talked to the defense about that, and they've
5 agreed to the extent that that comes up during their
6 cross-examination we would approach the bench to understand
7 the circumstance of that so that Your Honor could rule on that
8 prior to any questions asked if that's okay with Your Honor.

9 THE COURT: Yes, that's the way we do it.

10 MR. ANDRES: Great.

11 THE COURT: Anything else?

12 MR. ANDRES: Just two other issues, which we briefed
13 and won't come up today necessarily, but one is the 1006
14 exhibits and --

15 THE COURT: Yes, I've read that brief. I haven't
16 had the opportunity to read the most recent submission, which
17 you-all made, but I will.

18 MR. ANDRES: Okay.

19 THE COURT: The 1006, I've read that, but it won't
20 come up in -- on this witness' testimony, it hasn't --

21 MR. ANDRES: Correct. And we've also talked to the
22 defense, and not clear to me, and they'll speak to themselves,
23 that they'll object to those.

24 And, lastly, the one we filed today, which won't
25 come up today either, is just to have a FBI agent read the

1 e-mails from Mr. Manafort that are his own statements. That,
2 again, won't come up today, but just to preview for Your
3 Honor.

4 THE COURT: All right.

5 MR. ANDRES: Thank you, Judge.

6 THE COURT: As far as the exhibits, which I've
7 already told you you may use those summary exhibits as
8 demonstrative. You want to introduce them as evidence in
9 chief. And I understand that.

10 If you look at the rule carefully, the rule says
11 that if the data is voluminous, that it's sensible and
12 appropriate to do so as long as the exhibits are admitted and
13 so forth.

14 What you may not do is to use an exhibit, which is
15 really a demonstrative, to put that in. It's an argument
16 disguised as an exhibit. And so I won't allow that. But I
17 think what you had originally shown me is something having to
18 do with voluminous financial figures and the like. And
19 that's, of course -- but I'll hear the parties on that in
20 greater detail.

21 Again, keep in mind that if it is a summary of an
22 argument disguised to be a 1006, I won't allow it. That
23 doesn't mean you can't use it, but it will be a demonstrative.

24 MR. ANDRES: Understood. Thank you, Judge.
25 Appreciate that.

1 THE COURT: All right. Anything else before we
2 begin?

3 MR. DOWNING: No, Your Honor.

4 MR. ASONYE: We have one other issue, Your Honor.

5 We were handed a number of exhibits that defense
6 counsel plans to use in the cross of Ms. Laporta. One of them
7 is --

8 THE COURT: Well, how thoughtful of them.

9 MR. ASONYE: One of them is --

10 THE COURT: But they're not obligated to do that.

11 MR. ASONYE: Your Honor, one of them is a tax return
12 from 2016, which is outside of the charged period and was not
13 prepared by Ms. Laporta or her firm. The Government sees no
14 relevance whatsoever in this document; and, additionally, she
15 would have no personal knowledge of it either. So we would
16 object to it being used to cross-examine her.

17 THE COURT: Well, are you going to ask questions of
18 this witness to demonstrate the relevancy of this document.

19 MR. DOWNING: Correct, Your Honor.

20 THE COURT: All right. Well, why don't I wait until
21 you ask those questions? And when it's offered, then,
22 Mr. Asonye, you may state your objection. I'll probably have
23 you come to the bench. But I need to see it in context and
24 it's -- it's a waste of time to sit here and hear Mr. -- hear
25 one or both of you -- hear Mr. Downing or Mr. Zehnle tell me

1 about this --

2 MR. DOWNING: May I have one second to confer with
3 the Government?

4 THE COURT: Yes, you may.

5 (Discussion off the record.)

6 THE COURT: Mr. Downing, all set?

7 MR. DOWNING: Yes.

8 THE COURT: All right. You may bring the jury in,
9 Mr. Flood.

10 (Jury in.)

11 THE COURT: All right. You may be seated. Good
12 afternoon, ladies and gentlemen. We'll begin as always with
13 the calling of the roll by the numbers. Ms. Pham.

14 THE DEPUTY CLERK: Ladies and gentlemen, as I call
15 your number, please answer "present" or "here."

16 Juror 0008.

17 THE JUROR: Here.

18 THE DEPUTY CLERK: Juror 0037.

19 THE JUROR: Here.

20 THE DEPUTY CLERK: Juror 0276.

21 THE JUROR: Present.

22 THE DEPUTY CLERK: Juror 0017.

23 THE JUROR: Present.

24 THE DEPUTY CLERK: Juror 0145.

25 THE JUROR: Present.

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1 THE DEPUTY CLERK: Juror 0115.
2 THE JUROR: Present.
3 THE DEPUTY CLERK: Juror 0082.
4 THE JUROR: Present.
5 THE DEPUTY CLERK: Juror 0009.
6 THE JUROR: Present.
7 THE DEPUTY CLERK: Juror 0299.
8 THE JUROR: Present.
9 THE DEPUTY CLERK: Juror 0091.
10 THE JUROR: Present.
11 THE DEPUTY CLERK: Juror 0302.
12 THE JUROR: Present.
13 THE DEPUTY CLERK: Juror 0060.
14 THE JUROR: Present.
15 THE DEPUTY CLERK: Juror 0296.
16 THE JUROR: Present.
17 THE DEPUTY CLERK: Juror 0054.
18 THE JUROR: Present.
19 THE DEPUTY CLERK: Juror 0127.
20 THE JUROR: Present.
21 THE DEPUTY CLERK: And Juror 0133.
22 THE JUROR: Present.
23 THE DEPUTY CLERK: Thank you.
24 THE COURT: All right. Good afternoon, ladies and
25 gentlemen. Let me confirm, verify that you were able to do as

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1 you were instructed to refrain from discussing the matter with
2 anyone over the weekend.

3 THE JURORS: Yes.

4 THE COURT: Good. Thank you. And I hope you had a
5 pleasant and I had a pleasant and uneventful -- and to me that
6 always make it pleasant, I realize. You'll get to the point
7 where uneventful is really good.

8 All right. Ms. Laporta. Let's have Ms. Laporta
9 back on the stand, please.

10 Ms. Laporta, you may recall you remain under oath.

11 THE WITNESS: Yes.

12 THE COURT: You may resume the stand.

13 (Witness seated.)

14 THE COURT: Mr. Downing, you may proceed, sir.

15 (Witness previously sworn 8/3/18.)

16 **CROSS-EXAMINATION (cont'd)**

17 BY MR. DOWNING:

18 Q. Good afternoon, Ms. Laporta. My name is Kevin Downing,
19 and I represent Paul Manafort. Thank you for coming back
20 today.

21 I want to follow up on some of your testimony from
22 last week. There's a bit of testimony about services that you
23 provided through your accounting firm, KWC, to Mr. Manafort
24 and his entities.

25 Can you explain to the jury how big of an accounting

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1 firm KWC is?

2 A. Yes, certainly.

3 KWC has about --

4 THE COURT: I'm sorry, Ms. Laporta, I can't hear
5 you. Ask you just to speak up. I'm sure your voice is fine;
6 my ears aren't.

7 THE WITNESS: I'm happy to speak up.

8 KWC has about -- I think we've got around 80 people
9 on staff, including partners, CPAs, administrative staff.

10 BY MR. DOWNING:

11 Q. And you're affiliated with an international accounting
12 firm; is that correct?

13 A. That's correct.

14 Q. And what firm is that?

15 A. BDO.

16 Q. How big of a firm is that?

17 A. They're an international firm.

18 Q. Hundreds of accountants?

19 A. I would -- yes.

20 Q. With respect to both KWC and BDO, do you have -- did you
21 have available to you back in 2013, '14, '15, individual CPAs
22 that had expertise in tax?

23 A. Yes, we did.

24 Q. And that's not your particular area of expertise, is it?

25 A. No.

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1 Q. What is your particular area of expertise?

2 A. Accounting and auditing.

3 Q. And you didn't do any auditing for Mr. Manafort or for
4 his entities, did you?

5 A. No, I did not.

6 Q. And most of the work was tax work; is that correct?

7 A. Yes.

8 Q. And you did tax work for him individually?

9 A. Yes.

10 Q. For DMP and DMP International, his political consulting
11 firm?

12 A. That's correct.

13 Q. As well as a myriad of entities that were involved in
14 everything from real estate, horse farm, correct?

15 A. That's before my time, but as a client of the firm --

16 Q. You're familiar with that? Movie production?

17 A. That's right.

18 THE COURT: You'll have to answer a little louder,
19 please.

20 THE WITNESS: Yes.

21 THE COURT: And you as well, Mr. Downing. Just a
22 little louder, please.

23 MR. DOWNING: I've never heard that, Your Honor.

24 BY MR. DOWNING:

25 Q. How about international investing?

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1 A. Yes.

2 Q. And with respect to this engagement, how is it that you
3 as an audit and accounting partner got put in charge of a tax
4 engagement?

5 A. Well, typically the profile of our clients is their
6 business taxes, their individual taxes, and then financial
7 statement work. And what we do at our firm, is we have a tax
8 department that we work as a team on these engagements.

9 So while I may advise on an engagement that is
10 typically tax but then has an accounting and audit section, I
11 would help there the same way the tax department will step in
12 and help me on an engagement. And when I took over -- well,
13 that's all.

14 Q. So at that time, did -- KWC did not have someone of your
15 experience that had the expertise in tax to take over that
16 relationship?

17 A. Uhm, the -- at the time I took over, it was still being
18 run by Philip Ayliff.

19 Q. And you felt that Mr. Ayliff had considerable experience
20 in the area of tax?

21 A. Yes, he did.

22 Q. And with respect to your dealings with Mr. Manafort's
23 entities and his personal taxes, you had quite a few
24 interactions with Mr. Richard Gates; is that correct?

25 A. Yes, that is correct.

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1 Q. And if I -- if I got this correct from your testimony
2 last week, this was not a client that had everything organized
3 and for you -- and for -- available to you on a timely basis;
4 is that correct?

5 A. That's correct.

6 Q. And you ran up against a lot of deadlines; is that
7 correct?

8 A. Yes, that is.

9 Q. And it seemed like it was quite a chore to get this
10 information that you needed to get the returns filed year in
11 and year out; is that correct?

12 A. That is correct.

13 Q. And I could sense a level of frustration that you had, in
14 particular with Mr. Gates and others on your team, in terms of
15 that process being inefficient, difficult, a fact-finding
16 mission; is that correct?

17 A. That's correct.

18 Q. And I think you even stated last week there came a point
19 in time where you just didn't believe what Mr. Gates was
20 saying to you; is that correct?

21 A. That is correct.

22 Q. Now, in terms of the team that was involved, especially
23 let's talk about for tax years 2014 and '15, which would cover
24 years 2015; is that correct?

25 A. That's correct.

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1 Q. Because the tax returns come a year after?

2 A. That's correct.

3 Q. Now, your team consisted of you, that had the general
4 relationship?

5 A. No, I had the general communication.

6 Q. General communication. Mr. Ayliff, what would you
7 describe his role?

8 A. He would prepare and review the tax returns.

9 Q. And Mr. Walters, was it?

10 A. He was one person on the team at one point.

11 Q. And did he have the tax expertise?

12 A. Absolutely, yes.

13 Q. And Mr. O'Brien, who is Mr. O'Brien?

14 A. He was a staff member on the engagement.

15 Q. Pretty young accountant at the time?

16 A. Yes.

17 Q. So when it came to the technical tax issues, was it
18 primarily Mr. Walters that would be relied upon?

19 A. And Mr. Ayliff.

20 Q. And Mr. Ayliff?

21 A. Yes.

22 Q. And others at KWC in the tax department?

23 A. Yes.

24 Q. So one of the issues that you testified about last week
25 had to do with real estate. It was Howard Street, in

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1 particular, that came up.

2 Now, Mr. Manafort had invested in quite a few
3 residential properties; is that correct?

4 A. That's correct.

5 Q. And when I say "residential," I don't mean as a
6 residence, but they weren't commercial and big buildings.
7 They were actually individual properties; is that correct?

8 A. That's correct.

9 Q. And the ownership interest of these various properties in
10 New York involved Mr. Manafort, correct?

11 A. Yes.

12 Q. His wife?

13 A. That's correct.

14 Q. His daughters?

15 A. Yes.

16 Q. And there were several entities that were being used in
17 various forms, whether it was for personal occupancy?

18 A. Correct.

19 Q. Or rentals?

20 A. That's correct.

21 Q. And they were in various states of construction or
22 rehabilitation; is that correct?

23 A. Yes, that is.

24 Q. And during the 2015 and 2016 period, there were lots of
25 issues about trying to get financing for these various

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1 properties; is that correct?

2 A. Yes, that is.

3 Q. A lot of moving parts, would you say?

4 A. Yes.

5 Q. And we could see from the e-mail traffic that the
6 Government went through with you last week that it seemed to
7 be a lot of things were changing year by year; is that
8 correct?

9 A. Yes, that is correct.

10 Q. And that was one of the issues that it was tough for KWC
11 to deal with, was it not?

12 A. Yes, it was difficult to follow.

13 Q. And, in fact, at some time one of the issues that came
14 up, well, is it being used as a personal residence or is it
15 being rented; is that correct?

16 A. That's correct.

17 Q. And it was for more than one property?

18 A. Yes, I believe so.

19 Q. And involving more than Mr. Manafort, all the individuals
20 we talked about before, his daughters?

21 A. Yes, that's correct.

22 Q. And then some individual named Jeff Yohai, is it?

23 A. I don't recall if Jeff Yohai was part of the -- who
24 was -- regarding those properties.

25 Q. I think you said the other day that you -- you remember

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1 Jessica had a husband and his name was Jeff?

2 A. Yes, that's correct.

3 Q. Is that Jeff Yohai?

4 A. Yes.

5 Q. And he was involved with one of Jessica's properties; is
6 that correct?

7 A. So I just -- I guess I think of Jess, where she was
8 living, she was going to be living in New York. I didn't put
9 it together about Jeff Yohai until just now.

10 Q. But you do know that she was married to him at the time;
11 is that correct?

12 A. Yes.

13 Q. Now, with respect to the Howard Street property, there
14 was an issue that came up, I think Mr. Manafort had sent you
15 an e-mail that was covered last week, and he said, hey -- he
16 didn't say "hey." That was me.

17 He said, Can you help me with something? I'm
18 looking to borrow against one of the properties, Howard
19 Street. And he said that it was a residence and that he
20 wanted you to communicate with the bank about that property
21 being not his primary but his secondary residence?

22 Do you recall that?

23 A. Yes, I do.

24 Q. And I believe you stated that you did convey that to
25 Mr. Fallarino at Citizens Bank; is that correct?

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1 A. Yes.

2 Q. And you also indicated that you made a mistake, that it
3 actually wasn't a second residence, it had been picked up as a
4 rental property; is that correct?

5 A. I relied on Rick Gates' facts as to how each of those
6 properties was being used -- or had been used for 2015.

7 Q. Right. And I think just part of the explanation for
8 dealing with an issue like this for the jury, you're not
9 spending day and night on these questions, are you?

10 A. No.

11 Q. So if Mr. Manafort calls you up as a client, with a
12 question, how many clients call you with a question any given
13 day?

14 A. All day, every day.

15 Q. All day, every day. And you try to do your best to get
16 accurate information back out for the client; is that correct?

17 A. That's correct.

18 Q. And you have files that you can go check or have others
19 check to make sure that you're providing accurate information?

20 A. That's correct.

21 Q. And I think, in this instance, you said that you didn't
22 have an opportunity to go check the tax returns or your work
23 papers when you conveyed the information; is that correct?

24 A. I believe what I said was that I didn't rely on anything
25 else or didn't do any more work on determining how that house

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1 had been used, how those properties had been used.

2 Q. And one way you could have done that is to go to your --
3 the tax return that had been filed for the prior year; is that
4 correct?

5 A. I don't believe so, because I don't think the timing
6 would have been right for that.

7 Q. So you wouldn't know from the prior years return what was
8 going on, whether it was a rental or a residence for the
9 current year; is that correct?

10 A. That's correct.

11 Q. And that's because you hadn't prepared the tax returns
12 yet?

13 A. That's correct.

14 Q. And that's because you didn't have any other information
15 from Mr. Gates regarding how the property was being used?

16 A. The only information I had was his representation,
17 correct.

18 Q. And other than taking Mr. Gates' representation, you
19 didn't do any other procedures or inquiries to determine if
20 they were accurate; is that correct?

21 A. That's correct.

22 Q. Okay. So at the end of the day, it ends up that it was
23 not accurate; is that correct?

24 A. That's correct.

25 Q. Now, on your part, you wouldn't say that you conveyed

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1 something intentionally false to the bank, did you?

2 A. No, I did not believe so.

3 Q. And, if anything, a mistake was made on your part; is
4 that correct?

5 A. That's correct.

6 Q. And you would have no reason to believe whether
7 Mr. Manafort was mistaken either, do you?

8 A. No, I have no reason to believe that.

9 Q. So one of the -- one of the overriding issues, I think,
10 last week during your direct had to do with foreign bank
11 accounts and whether FBARs had to be filed. And over the
12 years, it seemed there were a lot of questions about whether
13 or not FBARs had to be filed for Mr. Manafort or for his
14 entities; is that correct?

15 A. That's correct.

16 Q. Now, the FBAR area is not an area of expertise for you,
17 is it?

18 A. No.

19 Q. And who on your team did you go to in terms of relying
20 upon the analysis as to whether or not Mr. Manafort or his
21 entities had any FBAR filing requirements?

22 A. Philip Ayliff was very well informed about these
23 international filing requirements, and he had established this
24 in a routine of being certain that we addressed it each and
25 every year, for each and every entity.

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1 Q. And did you think that Mr. Ayliff had expertise with
2 respect to determining if an FBAR had to be filed?

3 A. Yes, or he would have gone to another member of the firm
4 that did.

5 Q. Why do you say yes? You said, yes, you thought he had
6 experience with respect to determining whether or not an FBAR
7 had to be filed.

8 A. Because he had a lot of large clients that had FBAR
9 requirements.

10 Q. Would you be surprised to learn last week he testified
11 that he did not have expertise with respect to determining
12 whether or not an FBAR had to be filed?

13 A. Well, as I said, he may have spoken to other members of
14 the KWC team that did have expertise.

15 Q. But I asked if you would be surprised if he said he did
16 not have the expertise with respect to determining if an FBAR
17 had to be filed?

18 A. No, I guess I could see him relying on other people.

19 Q. As you did; is that correct?

20 A. Yes.

21 Q. And in terms of the determination to file FBARs, there
22 came a point in time, I believe, the -- you had some
23 discussions with Mr. Gates, in particular, about some accounts
24 that were in Ukraine; is that correct?

25 A. That is correct.

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1 Q. And it has been represented to us that you had said that
2 Mr. Gates told you that things were set up, the bank accounts,
3 so that they did not have an FBAR filing requirement with
4 regards to a foreign account; is that correct?

5 A. That is correct.

6 Q. And other than Mr. Gates' representation to you on that
7 issue, did you have any other information from Mr. Gates about
8 what that meant about how things were set up?

9 A. No, I did not.

10 Q. And do you know if KWC or Mr. Ayliff made any further
11 inquiries about what that meant, how they were set up?

12 A. I don't believe so, or I'm not aware of any others.

13 Q. And another issue last week that I think you spent
14 considerable time on was talking about loans, and loans
15 between DMP and foreign entities or loans between affiliates
16 and DMP or Mr. Manafort.

17 Do you recall that?

18 A. I do recall those.

19 Q. And in particular, you were brought -- you were asked
20 some questions about the 2015, '16 time frame, and most of it
21 came out of questions -- is that correct?

22 A. That's correct.

23 Q. Sorry. I need to slow down.

24 And was that -- did that come about because of some
25 of the questions about Mr. Manafort trying to get lending on

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1 the real estate?

2 A. Do you mind repeating your question?

3 Q. Sure. I'll break it down in a smaller piece.

4 Last week when you were asked questions about
5 Telmar?

6 A. Okay.

7 Q. Telmar questions came up because Mr. Manafort was trying
8 to borrow some money and they were trying to get financial
9 statements out to the lenders; is that correct?

10 A. That is not how I recall the Telmar note.

11 Q. Do you recall Telmar being part of tax return
12 preparation?

13 A. Yes.

14 Q. Do you recall it being on a deadline date --

15 A. Yes.

16 Q. -- when you were dealing with that issue?

17 Now, when you talked about Telmar, some issues came
18 up about how you're dealing with income that was coming into
19 DMP International; is that correct?

20 A. That is correct.

21 Q. And DMP International, you understood to be earning
22 income overseas by providing political consulting; is that
23 correct?

24 A. Yes, that is correct.

25 Q. And you understood the money that was coming in from

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1 these overseas companies was for the political consulting
2 fees?

3 A. That is correct.

4 Q. But there was another issue that you -- KWC was dealing
5 with every year. It was a question of how much money would be
6 reported as loans to Mr. Manafort or loans from an affiliate;
7 is that correct?

8 A. The first experience I had with that was filing the 2014
9 tax return.

10 Q. And Mr. Ayliff was involved with that issue, correct?

11 A. Yes.

12 Q. And Mr. Ayliff had been doing the work -- tax work for
13 Mr. Manafort and his entities, going back to 1997, did you
14 know that?

15 A. Yes, I did.

16 Q. And Mr. Ayliff is familiar with this income loan issue;
17 is that correct?

18 A. That's my understanding, yes.

19 Q. So before I get into the nitty-gritty detail, which I
20 apologize, I need to do, are you familiar that when you're
21 dealing with a partnership and its partners, that every year
22 you have to reconcile issues in terms of personal expenditures
23 that may have been made on behalf of a partner by the
24 partnership?

25 A. Yes.

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1 Q. Distributions that may have been made that may not have
2 been taxed?

3 A. That's correct.

4 Q. And then finally, what is the income of the partner; is
5 that correct?

6 A. That's correct.

7 Q. Now, in the course of doing accounting and doing tax work
8 in a given year, a partnership may pay out personal expenses
9 for an individual partner; is that correct?

10 A. That's correct.

11 Q. And the question is, at the end of the day, how do you
12 account for it; is that correct?

13 A. That's correct.

14 Q. Because you're not going to account for it as a
15 deduction, a business deduction for the partnership, correct?

16 A. That's correct.

17 Q. And that's because it's personal?

18 A. Correct.

19 Q. But the next thing to figure out is, okay, what do we do
20 with it? Is it going to be compensation to a partner?

21 A. No.

22 Q. It's not, because you're not going to have compensation
23 to a partner; is that correct?

24 A. That's correct.

25 Q. So the next question is: Is it a distribution? Has the

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1 partnership taken its own money for the personal benefit of a
2 partner and distributed it out?

3 A. That's --

4 Q. So it could be a distribution?

5 A. Yes, it could be a distribution.

6 Q. And then the other item, the only other item that you're
7 generally going to deal with: If a particular partner got a
8 personal benefit, whether or not it's a loan to that partner;
9 is that correct?

10 A. I'm sorry. Can you repeat that question for me?

11 Q. The third way you can categorize the partnership's
12 payment of a personal expense for a partner would be as a loan
13 to a partner?

14 A. That's correct.

15 Q. Okay. Now, in terms of this issue, as an accountant, you
16 deal with this issue every day with closely held partnerships;
17 is that correct?

18 A. That's correct.

19 Q. Because quite often, the partners in these closely held
20 partnerships are having personal expenses paid by the
21 partnership, correct?

22 A. That is correct.

23 Q. But they're also going out of their own pockets to pay
24 business expenses?

25 A. That is correct.

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1 Q. And you had that -- you had that second issue with
2 Mr. Manafort also with respect to DMP; is that correct?

3 A. That is correct.

4 Q. Do you need something, ma'am?

5 A. I need water badly. Sorry.

6 (A pause in the proceedings.)

7 BY MR. DOWNING:

8 Q. Now, in the -- in the course of doing work for
9 Mr. Manafort and for DMP International, did you have occasion
10 for yourself or your staff to put together work papers?

11 A. Yes, we did.

12 Q. And can you explain to the jury what's a work paper?
13 What's the purpose of it?

14 A. Work paper is to support items that are reported on the
15 balance sheet or certain income and expense accounts that need
16 to have a little more detail, so that we can follow the next
17 year in preparation. There might be anticipated activity that
18 we'd want to include in that work paper. It's just really a
19 guide to help as a -- if there are any questions on the
20 current year, but also for any assistance in the following
21 year.

22 Q. And part of your work every year for an accountant, let's
23 just talk about DMP and DMP International, there are certain
24 schedules you need to keep, because every year the issue is
25 going to come up again on a tax return like schedules for

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1 depreciation?

2 A. That's correct.

3 Q. That would be an example. But anything you would
4 consider reoccurring on a tax return, you'd want to have a
5 schedule for?

6 A. Yes.

7 Q. And as part of your work with DMP International with
8 Mr. Manafort, there also comes occasion when clients ask you
9 for information; is that correct?

10 A. That's correct.

11 Q. And you have occasion, in your capacity as an accountant
12 at a CPA firm, to put together schedules for clients; is that
13 correct?

14 A. Yes, that is.

15 Q. So I'm going to ask you to take a look at what's been
16 marked Defendant's Exhibit 3.

17 And take a minute and take a look at it.

18 A. Exhibit 3?

19 Q. 3, yes.

20 And, Ms. Laporta, is this a work paper, would you
21 call it, spreadsheet? What would you call it?

22 A. A spreadsheet.

23 Q. And is this something that you -- the client had asked
24 you to put together?

25 A. Yes, it is.

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1 Q. And is this something you were involved with putting
2 together and oversaw the completion of it?

3 A. Yes.

4 Q. And at the time you were putting this together, was this
5 put together from the tax filings of DMP, DMP International,
6 and Mr. Manafort?

7 A. Yes, that's correct.

8 Q. And as you were putting the document together, did you
9 have other people help you out and check that it's fair and
10 accurate?

11 A. Yes, I did.

12 Q. Okay. And as you sit here today, do you know this to be
13 a fair and accurate record that you put together?

14 A. Yes.

15 MR. DOWNING: Your Honor, I move Defense Exhibits 3
16 into evidence as business record of KWC.

17 MR. ASONYE: No objection.

18 THE COURT: Admitted.

19 (Defendant's Exhibit No. 3
20 admitted into evidence.)

21 MR. DOWNING: May we publish, Your Honor?

22 THE COURT: You may.

23 MR. DOWNING: Maybe not.

24 THE COURT: You can use the ELMO.

25 MR. DOWNING: With a little help, I think so.

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1 THE COURT: That, I can't help you with.

2 There we are.

3 MR. DOWNING: Thank you.

4 Well, it's small enough that no one can read it, so
5 I'm not sure that's going to be helpful.

6 THE COURT: Well, you can. You can magnify. You
7 can focus it down.

8 Let me ask the court security officer, can you
9 manipulate this thing or do we need to get Lance up here?

10 THE CSO: Probably Lance.

11 MR. DOWNING: I have a volunteer.

12 THE COURT: Oh, all right.

13 MR. DOWNING: Thank you, sir.

14 MR. NANAVATI: Sure.

15 MR. DOWNING: We're having technical difficulty.

16 THE COURT: Mr. Nanavati.

17 MR. NANAVATI: I'm going to do my best, Your Honor.
18 Yes, Your Honor.

19 THE COURT: All right. Go ahead. He knows how to
20 do it.

21 MR. DOWNING:

22 Q. Very good. So on that -- the top left corner of this
23 document, it says it's loans from wire transfers.

24 And do you recall you going back in time and trying
25 to find out through the records, what kind of monies were

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1 flowing into DMP International, where it was coming from, and
2 how it was categorized; is that correct?

3 A. That is correct.

4 Q. And this particular spreadsheet shows wires that came in
5 from various foreign entities that had been recorded as loans;
6 is that correct?

7 A. That is correct.

8 Q. And going back as far as 2006, you -- the first loan you
9 have recorded there is about \$10 million; is that correct?

10 A. Yes, that's correct.

11 Q. And then as you go down that column, there's 3.5 million
12 in 2007, correct?

13 A. Yes.

14 Q. And in 2007, there's another -- that's from LOAV.
15 There's another one, 2.8 million that came in, do you see
16 that?

17 A. That's correct.

18 Q. And then for 2008, you have four entries; is that
19 correct?

20 A. That's correct.

21 Q. For 225,507, 8 million, 120,000. That one totaled
22 8,120,000, correct?

23 A. Correct.

24 Q. You have another 105,000, and then if we go down a little
25 further on 2008, there's a series of transfers in from

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1 Yiakora, correct?

2 A. Yes.

3 Q. To the tune of 1.9 million, do you see that?

4 A. Yes, I do.

5 Q. Okay. And then 2012, there's Peranova, right?

6 A. Right.

7 Q. 1.5, and next up for 2014, '15 is Telmar, which Peranova
8 and Telmar are what you were familiar with, correct?

9 A. Yes, that's correct.

10 Q. Okay. So over that period of time, from 2006 to 2015,
11 there was over \$30 million in loans that had been reported on
12 the tax returns, correct?

13 A. That's correct.

14 Q. Of DMP International?

15 And during that same period of time, if we can go
16 down a little further --

17 A. Excuse me, not all on DMP International. I don't think.
18 I'm looking at the responsible party. I'm sorry, I'm not --

19 Q. Go ahead. Take your time.

20 A. Okay. That's all I was going to point out, that there
21 were other entities.

22 Q. Go ahead. One more time, I'm sorry?

23 A. That there were other entities here besides DMP.

24 Q. There were other entities involved, too.

25 But this -- all of this information came from tax

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1 returns that had been filed by KWC, correct?

2 A. That's correct.

3 Q. Okay. And we go to the bottom, you have a total number
4 for the total loans and it shows \$30 million, correct?

5 A. That's correct.

6 Q. Okay. What's the next line, "recognized revenues," what
7 does that mean?

8 A. Those are loans that had been over time. I guess -- I
9 have to guess, the only one I'm familiar with is the
10 1.5 million from Peranova, but -- so that's the only time I
11 remember recognizing revenue for what had previously been a
12 loan.

13 Q. And let's just go back to that testimony you gave.

14 The recognition of income from a loan is when you
15 say the loan has been forgiven?

16 A. That's correct.

17 Q. And then the amount of the loan in the case of Peranova,
18 you would report that 1.5 million Peranova loan as income on
19 Mr. Manafort's tax return, correct?

20 A. That's correct.

21 Q. And even though he didn't receive anymore money, you
22 reported as income because he's not paying it back, correct?

23 A. That's correct.

24 Q. So in addition to Peranova, there must have been another,
25 what is that, almost 6 million, just shy of 6 million in loan

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1 forgiveness that you were not involved with?

2 A. That's correct.

3 Q. But KWC was?

4 A. Yes.

5 Q. How about the next line, "Distributed to Paul Manafort,"
6 is that what we were talking about earlier, the distributions
7 from the partnership?

8 A. Yes.

9 Q. And that totals \$15.7 million, correct?

10 A. Correct.

11 Q. The next line is, "Distributed to others, other
12 partners." Do you see that?

13 A. Yes.

14 Q. 2.3? And then "Worthless Investment," what does that
15 mean?

16 A. I would think that that would -- that would be an
17 investment that had been reported on the tax return that had
18 no further value.

19 Q. And then the final balance on there says 1.9 million,
20 correct?

21 A. That's correct.

22 Q. And that would be Telmar, correct?

23 A. Yes.

24 Q. Okay. Now, let's go to the bottom right-hand side of the
25 document.

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1 You have some notes on this side of the document,
2 and the particular note I want to point your attention to is
3 the three-star note. Can you read that?

4 A. "To be recognized as income in 2016 by Paul Manafort, no
5 longer expected to receive connected anticipated proceeds in
6 order to repay this debt."

7 Q. So that was the outstanding amount as of 2015?

8 A. That's correct.

9 Q. And you were expecting that in 2016, that would be picked
10 up in income?

11 A. Yes.

12 Q. Now, you didn't prepare the 2016 tax return for Mr.
13 Manafort, did you?

14 A. No, I did not.

15 Q. But you did talk to a Mr. Gittelman, a CPA, about the
16 preparation of that return?

17 A. Yes, I tried to --

18 Q. And you provided some records with respect to the
19 preparation of that return, correct?

20 A. Yes, that's correct.

21 Q. And you have to provide records, right? It's like
22 anything else, a new accountant can't start from scratch, they
23 need to know what happened before, correct?

24 A. That's correct.

25 Q. And they need some books and records and prior year's tax

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1 returns, and those are the kind of things that you provided,
2 correct?

3 A. That's correct.

4 Q. Now, I'm going to ask you to take a look at what's been
5 marked Government's Exhibit 4 -- Defendant's Exhibit 4. Sorry
6 about that.

7 I would like you to take a look at Line 1. And what
8 is line -- well, first of all, what is this?

9 A. This is a tax return for DMP International for 2016, and
10 it was prepared by Gittelman CPA.

11 Q. And that's the Gittelman CPA that you were dealing with
12 in providing information --

13 THE COURT: Mr. Downing, I want to know what magic
14 you have. Mr. Asonye started to get up and he went like this
15 and he sat right back down.

16 MR. ASONYE: Give him a little more leeway, Your
17 Honor.

18 MR. DOWNING: A little more rope you've given me, I
19 believe.

20 THE COURT: I see. Are you offering the Exhibit 4?

21 MR. DOWNING: Not yet, Your Honor.

22 THE COURT: All right.

23 MR. DOWNING: Not yet.

24 THE COURT: Proceed.

25 MR. DOWNING:

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1 Q. So you see the Line 1, gross receipts?

2 A. I do.

3 Q. And how much is that?

4 MR. ASONYE: Well, objection, relevance, Your Honor.

5 MR. DOWNING: I'm about to explain why it's
6 relevant.

7 MR. ASONYE: Now, getting the information out of the
8 document. It's not admitted.

9 THE COURT: Go ahead, Mr. Downing, and elicit why
10 it's relevant from this witness, if you can do so.

11 MR. DOWNING:

12 Q. In terms of your note on the work sheet we just talked
13 about, you had \$1.9 million that was supposed to be picked up
14 in 2016; is that correct?

15 A. That's correct.

16 Q. And in your dealings with Mr. Gittelman, did you provide
17 him with information regarding picking up that income?

18 A. I don't recall. It would -- I just don't recall that for
19 sure. I gave him everything I could or that he asked for, but
20 I can't tell you exactly what I gave him besides tax returns.

21 Q. Okay. So can you turn to the back of this tax return in
22 the statement section marked Page 2, Statement 6?

23 A. I'm here.

24 Q. Do you see that entry?

25 A. Yes.

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1 Q. Now, does that refresh your recollection as to whether
2 KWC provided the Telmar information to Mr. Gittelman?

3 A. It could have also come from the general ledger, the 2016
4 general ledger.

5 Q. And do you know if the 2016 general ledger indicated that
6 the Telmar investment was picked up as income for
7 Mr. Manafort?

8 A. I don't remember. I don't believe I saw that 2016
9 general ledger.

10 Q. And that's what's being indicated on this year's return,
11 correct?

12 A. Yes, that's correct.

13 THE COURT: What is it that's being reflected on
14 this 2016 return?

15 THE WITNESS: That the -- the liability to Telmar
16 Investments is zero at the end of 2016.

17 THE COURT: Meaning what?

18 THE WITNESS: That it was included in income.

19 MR. DOWNING: In 2016?

20 THE COURT: For whom in 2016?

21 THE WITNESS: DMP International.

22 THE COURT: Next question.

23 MR. DOWNING:

24 Q. And with respect to the partnership structure at DMP
25 International, the income of DMP International would directly

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1 flow down to its partners, correct?

2 A. That's correct.

3 Q. And that would be Mr. Manafort and Mrs. Manafort,
4 correct?

5 A. Yes.

6 Q. And that would flow through to their 1040 for that year?

7 A. Yes, that's correct.

8 Q. Now, in terms of your preparation of other documents and
9 work papers for Mr. Manafort at the request of the client,
10 would you take a look at Government's Exhibit No. 2 --
11 Defendant's Exhibit No. 2?

12 THE COURT: I've already admitted 2, have I not?

13 MR. DOWNING: It's Defendant's. I'm sorry, Your
14 Honor.

15 THE COURT: Yeah, but I've already admitted
16 Defendant's 2, have I not?

17 MR. DOWNING: 3.

18 THE COURT: 3 I've admitted.

19 MR. DOWNING: I'm going out of order.

20 THE COURT: All right. You may do so.

21 MR. DOWNING:

22 Q. Ms. Laporta, you've had a chance to look at that
23 document?

24 A. Yes.

25 Q. And, again, is this a schedule you prepared at the

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1 request of a client?

2 A. Yes, it is.

3 Q. And your capacity as a CPA?

4 A. Yes.

5 Q. And did you have other individuals at KWC work with you
6 on this?

7 A. Yes, I did.

8 Q. And has it been checked for accuracy?

9 A. Yes.

10 Q. Against the tax records of KWC for DMP and Mr. Manafort?

11 A. It was prepared from the tax returns.

12 MR. DOWNING: Your Honor, I move Defendant's Exhibit
13 No. 2 into evidence as a record of KWC.

14 MR. ASONYE: No objection.

15 THE COURT: Admitted.

16 MR. DOWNING: May I publish, Your Honor?

17 THE COURT: Yes, you may.

18 MR. DOWNING:

19 Q. Ms. Laporta, can you explain what this work sheet is?

20 A. It's a summary of all of Mr. Manafort's companies and it
21 shows the gross receipts that came from those companies.

22 The second column shows what was reported on
23 Mr. Manafort's personal income tax returns as adjusted gross
24 income. And then the next column shows what was reported on
25 these various tax years on Mr. Manafort's taxable income.

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1 Q. So can we -- go ahead. I'm sorry.

2 A. The final column is how much in federal taxes did
3 Mr. Manafort pay in each of those years.

4 MR. DOWNING: So can we scroll down to the total,
5 please, Jay?

6 BY MR. DOWNING:

7 Q. And, again, we have totals by year here, correct?

8 A. Yes, that's correct.

9 Q. So start -- going back to 2005, there was about
10 10.9 million in gross revenues, correct?

11 MR. ASONYE: Your Honor, at this point we're going
12 to object to the relevance of years beyond the charge years
13 2010 to 2014.

14 MR. DOWNING: I believe Mr. Asonye said the other
15 day this goes back to 2005.

16 MR. ASONYE: Not the actual income. Not the actual
17 income that's charged in the indictment, Your Honor.

18 THE COURT: I'll overrule the objection. You may
19 proceed.

20 MR. DOWNING:

21 Q. So there's a year-by-year account from '05 to '15,
22 correct?

23 A. Yes, that's correct.

24 MR. DOWNING: And why don't we just scroll down year
25 by year? We -- we'll go to the total, Jay. To the next page,

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1 please.

2 BY MR. DOWNING:

3 Q. So in total for this period of time, you're reporting
4 that 92.5 million was reported as gross revenue on the tax
5 returns of DMP and DMP International, correct?

6 A. That's correct.

7 Q. And those are federal United States tax returns, correct?

8 A. Yes, that's correct.

9 Q. The next number that you list there, it says, "Entity
10 business expenses." And those are the entity business
11 expenses that were deducted on those various federal tax
12 returns against the \$92 million; is that correct?

13 A. That is correct.

14 Q. You also have other partner share. What is that?

15 A. I think in one of these years there was another partner
16 involved and so the income would have gone to their -- it
17 would have been reported on that partner's 1040, not
18 Mr. Manafort's.

19 Q. And then you have other Paul Manafort 1040 items. And
20 what does that encompass? You have a note on that, I believe,
21 at the bottom.

22 A. Would you like me to read that note?

23 Q. Sure.

24 A. So this 14 million that we're showing here is other
25 Manafort income, meaning not derived from these various

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1 entities. Includes W-2 wages, consulting income, and
2 investment portfolio income.

3 Q. And that leaves \$30,249,398 of adjusted gross income
4 reported on Mr. Manafort's personal federal income tax returns
5 over that period; is that correct?

6 A. That's correct.

7 Q. And the next total on there for 30 -- I'm sorry --
8 \$23,924,619, what is that?

9 A. That's the taxable income.

10 Q. And how do you get to taxable income from gross to
11 taxable? Can you explain that?

12 A. There are a few adjustments, including health insurance,
13 but the biggest, of course, is the Schedule A deductions.

14 Q. And on that amount of money you have that Mr. Manafort,
15 on his federal income taxes from 2005 to 2015, paid \$8,383,179
16 in federal income tax; is that correct?

17 A. That is correct.

18 (A pause in the proceedings.)

19 MR. DOWNING:

20 Q. Ms. --

21 (A pause in the proceedings.)

22 MR. DOWNING:

23 Q. Now, Ms. Laporta, last week you were asked some questions
24 about this Telmar loan, and I think you had said that if the
25 \$1.9 million had been picked up as income in 2015 or -- 2015,

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1 I believe it was, that there could have been about \$500,000 in
2 tax; is that correct?

3 A. Yes, that's correct.

4 Q. But it's a ballpark, you're giving a high-end number
5 saying --

6 A. Yes.

7 Q. -- tax bracket --

8 A. Yes.

9 Q. Now, in terms of -- in terms of that number, you saw the
10 tax return, it was picked up in 2016, as you indicated on your
11 work sheet; is that correct? The tax return we just looked
12 at?

13 A. Yes. I don't know -- I mean, it seems like that's the
14 case.

15 Q. Well, you saw the number on the income line, correct?

16 A. Yes.

17 Q. I'd like to ask you a question. Do you know what the --
18 the penalty for late payment is, that's calculated by the IRS,
19 of tax?

20 A. So there are -- there are different fines and
21 penalties --

22 Q. Sure.

23 A. -- including underpayment of taxes, and then if it's --

24 Q. So let's talk about the underpayment of taxes. Can you
25 go to -- take a look at Defendant's Exhibit 5?

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1 It's an IRS publication and it has a penalty for
2 late filing, and it says, "Penalty for late payment." Do you
3 see that No. 3?

4 A. Yes.

5 Q. And that charges .5 percent per month; is that correct?

6 A. Yes, that's correct.

7 Q. And with respect to the Telmar, assuming what you've seen
8 as being correct, that Telmar was not reported in 2015 as
9 income but was reported in 2016; is that correct?

10 A. That's correct.

11 Q. And the IRS would say, "Okay, well, if we think it should
12 have been paid in 2015, we want .5 percent per month for the
13 late payment"; is that correct?

14 A. Up to as much as 25 percent.

15 Q. Depending upon how long you went out; is that correct?

16 A. That's correct.

17 Q. But in this case let's say we went out just one year.
18 That's about \$30,000, isn't it?

19 A. I can't do that in my head.

20 Q. Well, you could do it by month, right?

21 A. Yes.

22 Q. Why don't you try?

23 A. So, no, that's -- that's ballpark.

24 Q. That's ballpark, about \$30,000. And that's what would
25 have been additionally owed to the IRS for a late payment if,

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1 in fact, they prevailed; is that correct?

2 A. That's correct.

3 Q. So one other issue I wanted to talk about before we leave
4 Telmar. It seems to -- part of the conversation about Telmar
5 up against the September filing date in 2016 was a question
6 of, why was KWC so off on the estimated taxes? Why would a
7 client be in a position this far into filing season to be --
8 not know what the tax would be?

9 So why don't we take a minute and talk about that?

10 Can you explain what estimated taxes are and what
11 you do as an accountant with respect to estimated taxes for a
12 client?

13 A. So you really asked me two questions, right? The first
14 is -- right.

15 Q. Go ahead.

16 A. Okay. The first question was, how do we -- what are
17 estimated taxes and how are they calculated?

18 Q. Yes.

19 A. So typically estimated taxes are calculated at the same
20 time that an extension would be prepared in April.

21 And the information that we have available, as
22 provided by the client, we estimate what the tax hit on that
23 is and then we ask, will the following year be better or the
24 same? If it's the same, we divide that -- we divide that
25 number by 4 and have the client pay in those estimated taxes

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1 during the year.

2 And then the second question about when you get to
3 the -- when you -- based on what you've done in April for
4 extension purposes and then down to the final -- the filing of
5 the tax return, why is there a difference? And that -- in
6 this instance you're asking how can we be so far off?

7 Q. Well, I would ask you differently. When you do your
8 estimates you're at, you know, April 15th, sometimes the
9 following year and you're setting up for the next year,
10 there's a lot of unknowns, correct?

11 A. That's correct.

12 Q. But you generally use last year's numbers, correct?

13 A. Yes.

14 Q. And then you see if the client has any insight into
15 whether or not you're going to have a lot more income or a lot
16 less; is that correct?

17 A. That's correct.

18 Q. And then as the year goes on, you check in with the
19 client, I would imagine?

20 A. Yes.

21 Q. And try to see if you can get some updates?

22 A. That's correct.

23 Q. And I don't know why, but for some reason for that tax
24 year, KWC didn't seem to note that there was going to be that
25 amount of income that had to be reported, and, therefore,

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1 there was going to be additional tax that was going to have to
2 be paid that was not covered by the estimate; is that correct?

3 A. That's correct.

4 Q. Do you know how that happened? Do you know why it
5 happened?

6 A. Just lack of response to our questions.

7 Q. And -- and the person that you were dealing with with
8 respect to these kinds of things was Mr. Gates; is that
9 correct?

10 A. Typically. But as I testified on Friday, often
11 Mr. Manafort was copied on those e-mails. Or if I wasn't
12 getting Rick's attention then I'd copy Mr. Manafort on e-mails
13 for requesting information.

14 Q. Sure. You also had another source of information, that
15 is, the bookkeeper?

16 A. Yes, that is correct.

17 Q. And she's recording things, activity, as it occurs during
18 the year, correct?

19 A. I don't know that for sure how frequently her recording
20 is, but we certainly relied on her information.

21 Q. So if she was not up to date on the books and records and
22 you were using the books and records to determine if you
23 needed to pay an additional tax, the tax payments would be
24 short?

25 A. Yes, that's correct.

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1 Q. Okay. So the tax payments were short that year, were
2 they not?

3 A. That's correct.

4 Q. And you have experience dealing with clients on filing
5 deadlines, don't you?

6 A. Yes.

7 Q. Do clients have a tendency to get very upset when all of
8 a sudden they're told they have to cut a check for a few
9 hundred thousand dollars?

10 A. Yes, this is an usual --

11 Q. Unusual filing.

12 Regardless of who may have caused the problem, it's
13 just one of those things that people are upset because they
14 usually want to plan for it, especially when it's a large
15 amount of money?

16 A. That's correct.

17 (A pause in the proceeding.)

18 Q. So now I'd like to go back and talk a little bit about
19 the Peranova loan and the write-off of the Peranova loan.

20 Again, the issue with the Peranova loan came up with
21 respect to an attempt by Mr. Manafort to borrow money from a
22 bank; is that correct?

23 A. That's correct.

24 Q. And had to do with some of his properties up in New York;
25 is that correct?

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1 A. Yes, that is.

2 Q. And the bank had a bunch of questions about
3 Mr. Manafort's balance sheet, correct?

4 A. Yes, that's true.

5 Q. The bank had made a determination that they weren't going
6 to use Mr. Manafort's income or P&L, profit and lost
7 statement, to determine whether or not they were going to
8 lend; is that correct?

9 A. That's correct.

10 Q. And they were looking at his assets and his liabilities,
11 correct?

12 A. Yes.

13 Q. You'd call that a balance sheet?

14 A. Yes.

15 Q. An issue came up about --

16 THE COURT: I'm sorry, did you answer that question?

17 THE WITNESS: Yes.

18 THE COURT: All right. Next question.

19 MR. DOWNING:

20 Q. And an issue came up with respect to Peranova being a
21 liability, correct?

22 A. Yes, that's correct.

23 Q. Okay. And what was being conveyed to the bank was that,
24 no, it's not a liability at this point in time; is that
25 correct?

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1 A. That's correct.

2 Q. Now, much like the issue that you talked about with
3 Telmar, if you're making a call whether or not something is a
4 loan or it's income, you're making a call, correct?

5 A. Yes.

6 Q. And in this case, the call was made that they were no
7 longer going to carry this as a loan, correct?

8 A. As I said to the bank, this is being represented to me as
9 forgiveness of debt.

10 Q. And that's important because you wouldn't know otherwise?

11 A. That's correct.

12 Q. Correct?

13 And you were being told by Mr. Gates this is what
14 happened, correct?

15 A. Yes, that's correct.

16 Q. But more importantly at that point in time, if, in fact,
17 Peranova was no longer an outstanding loan, it would not be
18 appropriate to tell a bank it was a liability, correct?

19 A. That's correct.

20 Q. And let's go to another issue. There was an issue about
21 monies that Mr. Manafort was owed, about \$2.4 million from one
22 of his consulting contracts. Do you remember that?

23 A. Yes, I do.

24 Q. And there was this question about, well, are we doing a
25 cash basis P&L or are we doing an accrual P&L?

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1 A. That's correct.

2 Q. And the way you addressed it, you told the bank, well,
3 here is a cash basis P&L from the bookkeeper, correct?

4 A. That's correct.

5 Q. And I want you to know that my client also has an
6 accounts receivable that he believes he is going to collect by
7 November for \$2.4 million, correct?

8 A. Yes, that's correct.

9 Q. So two separate issues. Here is the P&L cash basis, and
10 you should know my client believes he's got another asset?

11 A. That's correct.

12 Q. Correct?

13 There's nothing inappropriate about telling the bank
14 that someone owes you money, correct?

15 A. That is correct.

16 Q. And it's called an accounts receivable, correct?

17 A. That's what it's called, yes.

18 Q. But it's not going to show up on a cash P&L, a cash basis
19 P&L, correct?

20 A. That's correct.

21 Q. Why is that?

22 A. Because cash basis only records income that's been
23 received and not what's been earned but not received.

24 Q. And you have no reason, as you sit here today, to believe
25 that the 2.4 million wasn't really owed as an accounts

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1 receivable?

2 A. I didn't have any evidence that -- to the contrary, I
3 asked for contracts or invoices, but I never saw that.

4 Q. Well, it's interesting you should raise that issue. It
5 seems like KWC asks for a lot of information, especially
6 contracts and loan documents that it never received; is that
7 correct?

8 A. That's correct.

9 Q. So this would be another instance of not getting what it
10 is you would like to have in your file?

11 A. That's correct.

12 Q. So one last thing I'd like to cover with you -- until, of
13 course, I convey with my colleagues and they tell me
14 everything I missed -- an issue came up, and we talked about
15 earlier, that you had reason to question the representations
16 of Mr. Gates, representations he made to you?

17 A. Yes, that's correct.

18 Q. About financial information that you were conveying to
19 other people, correct?

20 A. Yes, that's correct.

21 Q. About financial information that you would have to put on
22 tax returns?

23 A. Yes, that's correct.

24 Q. And you testified last week that you didn't want to rock
25 the boat, you didn't want to upset a client, I think, in sum

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1 and substance is what you said about why you didn't raise an
2 issue; is that correct?

3 A. I did raise issues.

4 Q. I mean about Mr. Gates' credibility, about him giving you
5 false or misleading information, did you raise that issue?

6 A. Yes, I did with him.

7 Q. With Gates?

8 A. Yes.

9 Q. Okay. And I'm sure he reacted well to that?

10 A. That he didn't respond.

11 Q. He didn't respond. So you pointed out to him you thought
12 that you were getting misleading information or incomplete
13 information from him; is that correct?

14 A. Yes. I asked for clarification on that.

15 Q. And you didn't get it?

16 A. No, I did not.

17 Q. And did you share that with Mr. Ayliff or other folks at
18 KWC?

19 A. I don't recall whether they would be copied or whether we
20 talked about it. We probably talked about it.

21 Q. Do you know if Mr. Ayliff, in particular, had a similar
22 feeling about the representations he was getting from
23 Mr. Gates?

24 A. I feel that Philip also felt -- had that --

25 Q. And at the time of dealing with various banks, this --

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1 this Telmar issue and Peranova, the e-mail was clear that you
2 were dealing with Mr. Gates.

3 Did you ever think about picking up the phone and
4 calling Mr. Manafort, either you personally or with
5 Mr. Ayliff, to let him know what your concerns were?

6 A. I did not do that. I think that in most instances it was
7 clear that Mr. Manafort was aware of what was going on.

8 Q. But in this particular instance, you don't know?

9 A. That's correct.

10 Q. And were you surprised when Mr. Gates was telling you
11 that Mr. Manafort couldn't come up with the money to pay a
12 couple hundred thousand dollars in tax? Did that surprise
13 you?

14 A. Yes, but I had limited experience with the client, so I
15 didn't know if this -- if these were conversations --

16 Q. Of course.

17 A. -- that had happened in the past.

18 Q. Of course. Well, what if you picked up the phone and it
19 led to finding out that Mr. Gates was embezzling millions of
20 dollars from Mr. Manafort and his entities --

21 MR. ASONYE: Objection, calls for -- objection, Your
22 Honor.

23 THE COURT: Let him finish the question, and then
24 you may object.

25 THE WITNESS: I didn't hear.

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1 MR. ASONYE: Your Honor --

2 THE COURT: You don't have -- wait until he finishes
3 his question. Re-ask your question starting at the beginning.
4 And don't answer -- I want to hear the objection and then I
5 may have you come to the bench if you need to, Mr. Asonye.

6 What's your question.

7 MR. DOWNING:

8 Q. Ms. Laporta, if at the time you were dealing with
9 Mr. Gates you knew that he had embezzled millions of dollars
10 from Mr. Manafort unbeknownst to Mr. Manafort, would you have
11 picked up the phone and called Mr. Manafort?

12 MR. ASONYE: Objection.

13 THE COURT: What's your objection?

14 MR. ASONYE: Assumes facts not in evidence, Your
15 Honor.

16 THE COURT: I can't hear you.

17 MR. ASONYE: There are no facts of that in evidence.

18 MR. DOWNING: I have a good faith basis for asking
19 the question, and the Government knows facts will be coming
20 into evidence. Mr. Gates is next up.

21 THE COURT: I'll overrule the objection. You may
22 answer.

23 THE WITNESS: If I had known --

24 MR. DOWNING: Could the court reporter ask the
25 question back, please?

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1 (Audience laughter.)

2 (Reporter read back into the record.)

3 THE COURT: I don't think that was the question.

4 Try it again.

5 MR. DOWNING: I'm sorry, Your Honor. Did it quiet
6 down?

7 BY MR. DOWNING:

8 Q. Ms. Laporta, if at the time you were dealing with the
9 Telmar issue and Peranova, if at the time you learned that
10 Mr. Gates was embezzling millions of dollars from
11 Mr. Manafort, would you have picked up the phone, you or
12 Mr. Ayliff to let Mr. Manafort know that?

13 A. Yes.

14 Q. Would that have caused you to not trust anything that
15 Mr. Gates was telling you?

16 A. Yes. I don't know how that would happen, that whole
17 scenario you've described, but, of course, if I knew there was
18 wrongdoing, then --

19 Q. So you raised an interesting point. You've been an
20 accountant for how many years now?

21 A. Since '84.

22 Q. Since '84.

23 You have a retainer agreement at KWC that says you
24 are not retained to conduct procedures to detect fraud,
25 illegalities, or defalcations; is that correct?

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1 A. That is correct.

2 Q. And is that because generally the two last people to know
3 about it are the accountants and the business owner?

4 A. Yes, that's correct.

5 Q. And unless you're specifically called in to do procedures
6 to detect fraud, you really won't know?

7 A. That's correct.

8 Q. But there's one thing you probably do know, given your
9 experience, when you have somebody on the inside of an
10 accounting system, in the inside of a business that is in
11 control of financial information, if that person is embezzling
12 funds, is that person usually the one of the most difficult to
13 get information from?

14 MR. ASONYE: Objection, Your Honor, because this
15 calls for speculation.

16 MR. DOWNING: No, I'm asking her about a CPA -- as a
17 CPA, her experience.

18 MR. ASONYE: Your Honor, there's no foundation that
19 she's ever dealt with that type of scenario before. It calls
20 for speculation.

21 THE COURT: I'll overrule it. She can answer. If
22 you don't know, simply say you don't know.

23 THE WITNESS: That scenario you've just described is
24 what is taught in fraud related CP -- that's continuing
25 professional education.

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1 MR. DOWNING:

2 Q. And then continuing professional education for CPAs, they
3 train you for these red flags, would you call them?

4 A. Yes, that's correct.

5 Q. And some of the red flags are difficulty in getting
6 information from that individual?

7 A. Yes. That's normally on the audit side; on the tax side,
8 not so much.

9 Q. Well, explain it on the audit side?

10 A. Well, on the audit side, it's a whole different world and
11 you're doing a risk assessment before you even see a number.

12 Q. I'm talking about the behavior that you're looking for,
13 not the procedures. But somebody who is difficult to get
14 information from that should have the information for you; is
15 that correct?

16 A. Yes.

17 Q. And you have reason to call into question what
18 information was given to you; is that correct?

19 A. That is correct.

20 Q. So these are some of the telltale sides of someone who
21 can be involved as an insider in an embezzlement; is that
22 correct?

23 A. That is correct.

24 MR. DOWNING: No further questions.

25 THE COURT: Let me have counsel quickly at the

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1 bench, please.

2 (Bench Conference.)

3 THE COURT: Mr. Downing, I didn't understand what
4 you meant by "there would be evidence of embezzlement."

5 MR. DOWNING: The Government has produced statements
6 of Mr. Gates regarding embezzlement. We have accounting
7 records from various accounts which Mr. Gates was unauthorized
8 to take monies out of and embezzled funds, and that's
9 something that that's been given to us by the Government and
10 have put us on notice of the embezzlement.

11 THE COURT: So is that what you meant when you said
12 you had a good faith basis to believe that he had embezzled
13 money from Mr. Manafort?

14 MR. DOWNING: That's correct, Your Honor.

15 THE COURT: Now, on another subject, you didn't ask
16 this witness -- she testified in her direct examination what
17 she took responsibility for. You didn't go into that at all,
18 about what she took responsibility for, or what consequences
19 she faced, or anything of that sort.

20 Is that right?

21 MR. DOWNING: That is correct.

22 THE COURT: And that's a judgment that you-all made?

23 MR. DOWNING: Correct, Your Honor.

24 THE COURT: Is she still an accountant? Is she
25 still a CPA?

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1 MR. DOWNING: I believe she is. I believe that -- I
2 think the Government knows better. I think over the weekend
3 she was suspended from her firm. I don't know in what terms.

4 THE COURT: But you're not going into that? And you
5 don't plan to go into it for sure?

6 MR. ASONYE: No, Your Honor.

7 THE COURT: And he didn't ask whether you-all had
8 made any deal with her about that.

9 MR. ASONYE: About her --

10 THE COURT: Consequences. Typically when a
11 cooperating witness cooperates, typically, they cooperate, but
12 there are consequences. They plead guilty and so forth. And
13 they get a reduction in their sentence. It seems odd in this
14 case that there are no consequences. And, indeed, her lawyer
15 wanted to sit with her to assert objections to questions,
16 which, of course, I didn't permit.

17 MR. DOWNING: And, Your Honor, I guess we believe
18 that we can use that immunity in our closing.

19 THE COURT: Yes, you can. But it's a judgment you
20 made. I'm not going to ask the question.

21 Did you want to say something?

22 MR. ANDRES: May I, Judge?

23 THE COURT: You may.

24 MR. ANDRES: It's not right to assume there were no
25 consequences. Whether they get brought out on direct or not

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1 is a different issue. Mr. Downing wants the jury to believe
2 that Ms. Laporta is telling the truth. So, obviously, there's
3 no -- I just -- it doesn't mean that we didn't -- there
4 weren't consequences and with her own employment --

5 THE COURT: What did I miss? What are the
6 consequences?

7 MR. ANDRES: Well, she has licensing issues, I'm
8 sure. She just testified in public that she's lied about
9 things. That doesn't mean that the accounting board or these
10 other entities, which have now been alerted to, may take
11 action. We don't know. We don't control that within the
12 Department of Justice.

13 THE COURT: And, of course, there's no Government
14 agreement to help her avoid that?

15 MR. ANDRES: No, no. The only agreement that we
16 have --

17 THE COURT: Is in the --

18 MR. ANDRES: Immunity order.

19 THE COURT: It's not in the order, it's in the
20 agreement you have with her. I just signed --

21 MR. ANDRES: We don't have an agreement with her.

22 THE COURT: All right. I signed an order requiring
23 her to testify. There is no agreement?

24 MR. ANDRES: The agreement was to get her immunity
25 from the Court, to apply to the Court for --

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1 THE COURT: That's the only agreement?

2 MR. DOWNING: Yes.

3 THE COURT: I did not give her immunity. You did.

4 MR. ASONYE: That is correct.

5 THE COURT: I required her to testify.

6 MR. ASONYE: That is correct, Your Honor.

7 MR. ANDRES: Yes. Absolutely.

8 MR. DOWNING: Thank you, Your Honor.

9 THE COURT: Let's be very clear about it. All
10 right. Thank you. Mr. Downing --

11 MR. ASONYE: Your Honor, I was going to ask if it's
12 time for -- an appropriate time for a bathroom break.

13 THE COURT: Oh, okay. Yes, I'll do that.

14 MR. ASONYE: Thank you, Your Honor.

15 (End of bench conference.)

16 THE COURT: All right. Is there any redirect, Mr.
17 Asonye?

18 MR. ASONYE: Yes, there is, Your Honor.

19 THE COURT: How long?

20 MR. ASONYE: You know, it could be about 15, 20
21 minutes. 15 minutes.

22 THE COURT: All right. I take it you would
23 appreciate a break now.

24 MR. ASONYE: That would be helpful, Your Honor.

25 THE COURT: Pass your books to the right. The court

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1 security officer will collect them, maintain their security.

2 Ms. Laporta, you may step down. Remember, you may
3 not discuss your testimony with anyone at all. You understand
4 that includes attorneys?

5 THE WITNESS: Yes, I understand. Thank you.

6 THE COURT: All right. We will reconvene at 5
7 minutes after 3:00.

8 I hope -- you got your lunches today, those of you
9 who wanted them. Good.

10 And there will be soft drinks, Mr. Flood?

11 THE CSO: Yes, sir.

12 THE COURT: Good. Remember to refrain from
13 discussing the matter with anyone or among yourselves and also
14 undertaking any kind of investigation at all.

15 THE CSO: Quiet.

16 THE COURT: You may follow Mr. Flood out.

17 (Recess.)

18 THE COURT: All right. Before we begin -- ladies
19 and gentlemen, you may be seated for just a moment.

20 Before we begin, in the last session, for the second
21 time in this case, because of something that was said, at
22 least a half a dozen to a dozen or more people jumped up and
23 ran out of here.

24 (Audience laughter.)

25 THE COURT: Making noises as they did. It happened

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1 once before. The first time it happened, it was disruptive
2 and mildly amusing, especially since there was no reason at
3 all for it, and this time it was not as amusing and equally or
4 more disruptive.

5 You may not do that. If you cause a disruption, I'm
6 going to have you excluded. It's that simple. If you want to
7 leave the courtroom, yes, of course, you may do so. But do so
8 in a quiet, orderly way, not in the way in which we've seen it
9 done twice. Let's not have that again.

10 All right. Let's have the jury brought in. We'll
11 continue with the redirect examination of the witness.

12 Did you have something, Mr. Asonye?

13 MR. ASONYE: Just if Your Honor could remind -- we,
14 again, ran into some of the jurors in the elevator at the
15 break.

16 THE COURT: Oh, yes, you're quite right. I will do
17 that, Mr. Asonye. Thank you for the reminder.

18 (Jury in.)

19 THE COURT: All right. You may be seated.

20 Ladies and gentlemen, you will, on occasion, see
21 lawyers on behalf of the Government or the defendant, either
22 in the hallways, here, or on the street or walking across to
23 the hotel or whatever. And they will typically not
24 acknowledge you or say hello, and that's entirely appropriate.

25 They are told by the Court not to discuss or not to

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1 have any conversations or contact with any of the jurors.
2 And, indeed, everyone should avoid that, but the lawyers, in
3 particular. So if that happened, don't think of the lawyers
4 as being rude. Think of them, instead, as having adhered or
5 abiding my instructions.

6 All right. Let's have Ms. Laporta return and,
7 Mr. Asonye, you may do your redirect examination, which you
8 say should be about 30 minutes?

9 MR. ASONYE: And hopefully I can do it in less, Your
10 Honor.

11 THE COURT: Good.

12 (Witness seated.)

13 THE COURT: Ms. Laporta, you'll recall you're still
14 under oath.

15 THE WITNESS: Yes, I do, Your Honor.

16 THE COURT: And you may resume the stand.

17 **REDIRECT EXAMINATION**

18 BY MR. ASONYE:

19 Q. Good afternoon. Ms. Laporta, Mr. Downing, do you
20 remember him asking you some questions about 29 Howard Street
21 and whether there was some confusion about whether it was a
22 rental?

23 Do you remember those questions?

24 A. Yes, I do.

25 Q. Okay. Were you confused as to whether 29 Howard Street

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1 was a rental?

2 A. Was I confused that it was?

3 Q. Were you confused?

4 A. No, I think the only confusion was whether or -- who was
5 living there when another name was thrown out there.

6 Q. In fact, let me show you Government Exhibit 156, which
7 has already been admitted.

8 MR. ASONYE: Your Honor, may we publish?

9 THE COURT: Yes, you may.

10 BY MR. ASONYE:

11 Q. And you received -- if you look at the middle e-mail?

12 You received this e-mail from Rick Gates, and did
13 Rick Gates ever express any confusion about the 29 Howard
14 Street, whether it was a rental in 2015?

15 A. No.

16 Q. In fact, in Paragraph 2, what does he say about how it's
17 used in 2015?

18 A. He said rental clearly.

19 Q. All right. And if we can pull up Government Exhibit
20 337L, which is the tax return for MC Soho, 29 Howard Street in
21 2015. And if we could turn to Page 14, if we could zoom in on
22 the top.

23 Was there any confusion about the number of days
24 this property was rented out for when the tax return was
25 filed?

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1 A. No, there was not.

2 Q. Is the -- how many days was it rented for?

3 A. It was available 365 days.

4 Q. Okay. In fact, if you read Line 1, you said it was
5 available for 365 days. Could you actually read Line 1 to the
6 jury, what does it say?

7 A. (As read): "Show the type and address of each property.
8 For each rental property -- real estate property listed,
9 report the number of days rented at fair rental value and days
10 with personal use."

11 Q. All right. So that says days rented at fair rental
12 value; is that correct?

13 A. Yes.

14 Q. And how many days was it rented?

15 A. 365.

16 Q. How many days was it personal?

17 A. None.

18 Q. If we can take that down. Thank you.

19 Now, Mr. Downing also asked you some questions about
20 your expertise in preparing tax returns; is that correct?

21 A. That's correct.

22 Q. And what is your expertise?

23 A. Expertise is accounting and auditing, but experience
24 includes business and personal tax returns.

25 Q. Now, did it take you an -- did you need to be an expert

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1 in order to determine that the Peranova letter -- forgiveness
2 letter for \$1.5 million was backdated? Did you need to be an
3 expert to figure that out?

4 A. No.

5 Q. Did you need to be an expert to know that you can't
6 disguise income as a loan?

7 A. No.

8 Q. Was that complicated?

9 A. No.

10 Q. Did you need to be an expert to know that calling
11 \$900,000 from Telmar was wrong and not right?

12 A. The \$900,000?

13 Q. Calling that a loan instead of income?

14 A. Correct.

15 Q. Did you need to be an expert to know that that was wrong?

16 A. No.

17 Q. Now, Mr. Downing asked you about some tax returns from
18 KWC going all the way back to 2005; is that correct?

19 A. That is correct.

20 Q. Now, you testified that you signed the 2014 and the 2015
21 return for DMP International; is that correct?

22 A. That is correct.

23 Q. Did you sign the 2010, '11, '12, or '13 returns?

24 A. No, I did not sign those returns.

25 Q. Did you even work on the 2010, '11, or '12 returns?

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1 A. No, I did not.

2 THE COURT: Did you work on the 2013 return?

3 THE WITNESS: I did not work on them. There's --
4 it's possible I was copied on e-mails in that transition
5 period, but I don't recall.

6 THE COURT: So you when you say you didn't work on
7 them, what do you mean?

8 THE WITNESS: I don't -- I don't recall working on
9 anything but '14 or '15.

10 THE COURT: Next question.

11 BY MR. ASONYE:

12 Q. In effect, with respect to 2013, did you review or
13 approve the 2013 tax return for Mr. Manafort?

14 A. No, I did not.

15 Q. So with respect to the tax returns that are at issue in
16 this case, that are charged in this case, what is the one year
17 that you worked on?

18 A. 2014 and 2015.

19 Q. Now, Mr. Downing asked you about DMP International's 2016
20 return. Did you work on that return?

21 A. No, I did not.

22 Q. Did your firm work on that tax return?

23 A. No, we did not.

24 Q. Okay. Have you ever seen that tax return before today?

25 A. No, I have not.

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1 Q. And you indicated during your cross-examination that
2 \$1.9 million from Telmar was apparently picked up as income in
3 that 2016 tax return, correct?

4 A. That's correct.

5 Q. Okay. And did you recall when that 2016 tax return was
6 actually filed?

7 A. I don't recall when it was actually filed.

8 Q. If you could take a look at Defendant's two thousand- --
9 I'm sorry, Defendant's 4?

10 A. Oh, sorry. October 16, 2017.

11 Q. Okay. Now, when were you interviewed for the first time
12 in this investigation?

13 A. I don't remember. Maybe a year ago.

14 Q. Was it -- was it prior to October 2017?

15 A. I don't believe so. I honestly don't remember.

16 Q. Now, let me show you -- Mr. Downing asked you about
17 Defendant's Exhibit 2, and if we could actually put that up on
18 the ELMO.

19 And did you testify that you prepared this document?

20 A. Yes.

21 Q. Okay. How did you prepare this document?

22 A. It's just based on tax returns that are in the files for
23 those years for those entities.

24 Q. And did those tax returns rely on the GL's that were
25 provided by Heather Washkuhn and her firm?

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1 A. Presumably.

2 MR. DOWNING: Objection, Your Honor. How can a tax
3 return rely on a general ledger?

4 THE COURT: I'll overrule the objection. But you
5 may, of course, in a recross-examination, clarify that. She's
6 answered the question.

7 MR. ASONYE: Oh, I'm sorry. I didn't -- I didn't
8 hear her response, Your Honor.

9 THE COURT: Well, maybe I missed it as well.

10 You may re-ask it.

11 BY MR. ASONYE:

12 Q. Okay. Ms. Laporta, the tax returns that you -- that KWC
13 prepared, did they rely on the information on the GL's
14 provided by Heather Washkuhn and her firm?

15 A. That's the initial representation of the activity for the
16 entities, the general ledger.

17 Q. And if --

18 THE COURT: Does that mean that everything is
19 accepted without question?

20 THE WITNESS: No, it does not.

21 THE COURT: Next question.

22 BY MR. ASONYE:

23 Q. Now, if income wasn't included on the GL and the client
24 didn't tell you about it, was it reflected in the client's tax
25 return?

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1 A. And which tax year are we talking about? I'm sorry to be
2 confused.

3 Q. The -- let's just take 2014, the year that you signed for
4 Mr. Manafort.

5 A. Okay. Okay.

6 Q. If you -- if you didn't see a payment or income on the GL
7 and -- or -- and Mr. Manafort didn't tell you about it, was it
8 reflected on his tax return?

9 A. No, I don't think so, if I'm following correctly.

10 Q. And, in fact, were you aware of any foreign accounts that
11 were under the control of Mr. Manafort?

12 A. No, I was not ever aware of those foreign accounts.

13 Q. So did your tax returns that you prepared reflect any
14 payments into those foreign accounts?

15 A. No.

16 Q. And if payments were made out of those foreign accounts
17 on behalf of Mr. Manafort to U.S. vendors, would that have
18 been reflected in your tax returns?

19 A. If payments had been made from foreign accounts to
20 vendors?

21 Q. If a payment was made from a foreign account that you
22 didn't know about to a U.S. vendor on Mr. Manafort's behalf,
23 would that have been reflected as income on the tax return
24 that you prepared?

25 A. Well, I'm not completely following, but I think

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1 if overseas accounts were used to pay vendors of the
2 company --

3 Q. Vendors of Mr. Manafort, personal vendors for
4 Mr. Manafort?

5 A. Oh, I didn't know of any. And if they were, I don't know
6 if they'd be expenses on his behalf or --

7 Q. So --

8 A. -- it'd be -- it would be income. What your -- I think
9 what the -- ultimately, if there was payments made from
10 another account, that income would need to be picked up
11 somewhere.

12 Q. And you're not aware of any such payments, are you?

13 A. No, I'm not.

14 Q. So any such payments are not reflected on Defendant's
15 Exhibit 2, are they?

16 A. That's correct.

17 Q. And, in fact, let's look a little closer at Defendant's
18 Exhibit 2.

19 Now, if you -- Mr. Downing asked you about the total
20 amount of gross receipts between 2005 and 2015, and you said
21 92 million on the second page; is that right?

22 A. Yes, that's correct.

23 Q. Okay. But I want you to actually focus on five
24 particular years, if we can do a little bit of addition
25 together. If you could add the gross receipts for 2010

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1 through 2014 that was reported that you-all picked up, I'd
2 like you to tell the jury what the total of that is, okay?

3 So we're going to start for 2010. And how much was
4 reported as gross receipts by Davis Manafort in 2010?

5 A. Approximately \$6.5 million dollars.

6 Q. Okay. Let me just keep track of that.

7 THE COURT: What is this?

8 MR. ASONYE: Your Honor, I'm just -- I'm just trying
9 to --

10 (Audience laughter.)

11 THE COURT: You don't -- no, take it off of there.
12 You don't testify.

13 BY MR. ASONYE:

14 Q. All right. 6.5 --

15 THE COURT: Yes, all right is correct.

16 Go head, Mr. Asonye.

17 BY MR. ASONYE:

18 Q. In 2011, how much is reported as gross receipts for Davis
19 Manafort Partners?

20 A. 5.3 million.

21 Q. Okay. So are we now at 11.8 million?

22 A. Yes.

23 Q. For 2012, how much is reported in gross receipts for DMP
24 International?

25 A. Seven million-three.

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1 Q. Okay. So are we now at 19.1 million? 11.8 plus 7.3?

2 A. That sounds right.

3 Q. Okay. And how much is reported for 2014 -- 2013?

4 A. 4.5 million.

5 Q. Does that take you to 23.6 million approximately?

6 A. Approximately.

7 Q. And then the final year, how much is reported for DMP
8 International in 2014?

9 A. 7.4 million.

10 Q. Does that get you to around 31 million?

11 A. Right.

12 Q. Okay. Is that less than 60 million?

13 A. Excuse me?

14 Q. Is that less than \$60 million --

15 A. Yes.

16 Q. -- for the one million that's reported?

17 A. Yes.

18 Q. Now, let me show you Defense Exhibit 3. You were asked
19 about this as well.

20 And can you explain to the jury again what this
21 exhibit is?

22 A. Yes. This exhibit is a summary of loans that were made
23 from wire transfers during 2005 and 2015. And we show the
24 dates and the amounts and which entities received those
25 monies -- that money. And -- and then we show of those loans

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1 how much was recognized in revenue, how much was distributed
2 to the patterns, how much was written off as a worthless
3 investment, and the year of -- the loans were repaid or
4 converted.

5 Q. Okay. So --

6 THE COURT: Did you do this?

7 THE WITNESS: Yes.

8 THE COURT: Did you do this as what, in order to
9 help you get the return accurate?

10 THE WITNESS: No, this was a request of the clients.

11 THE COURT: From Mr. Gates?

12 THE WITNESS: No, from Mr. Manafort.

13 THE COURT: What was -- you may proceed.

14 MR. ASONYE: Thank you, Your Honor.

15 BY MR. ASONYE:

16 Q. I want to ask you first about some of the entities that
17 are listed on this exhibit.

18 THE COURT: But is it accurate based on what you
19 saw?

20 THE WITNESS: This was developed from tax returns
21 that were already filed. So there were no judgments made here
22 in the preparation of this schedule.

23 THE COURT: Next question.

24 BY MR. ASONYE:

25 Q. Now, Yiakora Ventures Limited, do you see that, Yiakora

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1 Ventures Limited, in the middle?

2 A. Yes.

3 Q. Okay. What was your understanding of what that entity's
4 relationship with Davis Manafort Partners was?

5 A. I believe -- and I wasn't familiar back in those years,
6 but I believe they were all -- they were all -- I didn't know
7 the relationship between them. I'd be guessing.

8 I know the two I dealt with, Peranova and Telmar,
9 were customers of DMP International.

10 Q. And you didn't understand Peranova to be controlled by
11 Mr. Manafort?

12 THE COURT: You're leading.

13 BY MR. ASONYE:

14 Q. Did you understand -- did you understand --

15 THE COURT: What, if anything.

16 BY MR. ASONYE:

17 Q. What, if anything, did you understand about whether
18 Peranova was controlled by Mr. Manafort?

19 A. No -- no knowledge of that.

20 Q. And what about for Yiakora?

21 A. I don't -- I wasn't involved with Yiakora, I don't think.

22 Q. And --

23 A. I mean, I know I wasn't.

24 Q. Now, there's a name at the top, Deripaska. What, if
25 anything, did Mr. Manafort tell you about \$10 million in loans

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1 from Mr. Deripaska?

2 A. Nothing. We were just using numbers and maybe he came in
3 with some explanations or maybe they came from the general
4 ledger. I don't remember where the client or customer listing
5 or entity where that was coming from.

6 Q. What did Mr. Manafort tell you about a Russian NGO?

7 A. Nothing.

8 Q. Now, this -- the title of this document is called "Loans
9 From Wire Transfers."

10 Why did -- why did you label this document "Loans
11 From Wire Transfers"?

12 A. We were going from what was reported on tax returns, the
13 balance sheets, as loans for each of these years. So it was
14 simply every Schedule L for all the entities that are listed
15 here.

16 Q. Now, the loans I asked you about from Deripaska, the
17 10 million and the 8 million from Yiakora, do you see that --
18 those loans ever being picked up as income in any subsequent
19 year?

20 A. All I know are when Telmar was picked up as income.

21 Q. But do you know of any time that the \$10 million in loans
22 from Deripaska was picked up as income?

23 A. I don't know that. It would be in the recognized income
24 of 7 million. And I don't have the details of that. Oh,
25 wait. That's not true. 7 million -- recognizes income.

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1 And which two are you asking about?

2 Q. Well, let's first start with Deripaska.

3 A. Yes.

4 Q. Do you see the \$10 million purportedly loaned from
5 Deripaska ever being picked up as income?

6 THE COURT: What do you mean by "ever"?

7 MR. ASONYE: Ever.

8 THE COURT: Well, have you seen any returns after
9 2016?

10 THE WITNESS: No, I have not.

11 THE COURT: All right. So that's all she can say.

12 BY MR. ASONYE:

13 Q. For any return that you've ever seen these loans
14 were made -- supposedly made in 2006?

15 THE COURT: Well, if she hasn't seen a return, of
16 course, it isn't there.

17 MR. ASONYE: For any return that she's worked on or
18 seen.

19 THE COURT: All right. That's an appropriate
20 question. You may ask that.

21 BY MR. ASONYE:

22 Q. Since 2006, have you seen the \$10 million in supposed
23 loans from Deripaska being picked up as income?

24 A. I'm sorry, I'm reading the disposition of those loans
25 over here in the columns to the right. And it looks like the

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1 loans were distributed, reported as distributions, and to
2 another partner, and there was a write-off of a worthless
3 security.

4 So I don't see it here where its been paid off, no.

5 Q. And, in fact, if you look at your other -- the other
6 chart that you prepared, which was Mr. Manafort's income that
7 year -- if we could flash that up quickly -- Defendant's
8 Exhibit 2.

9 Do you see any income that is reported from
10 Deripaska?

11 A. No, I don't see any.

12 Q. And then let's take a look at Yiakora. Is there
13 supposedly \$1.969 million in loans from Yiakora on Defendant's
14 Exhibit 3; isn't that right?

15 A. Yes.

16 Q. And do you see that on Defendant's Exhibit 2 ever being
17 picked up as income?

18 A. Well, if we can stick with the loan document, the
19 schedule I prepared on loans --

20 Q. Sure.

21 A. -- the 1.9, if you go to recognized income, it appears to
22 have happened and it says, "Year 2016 to be recognized in
23 income in 2016."

24 Q. And when Mr. Downing showed you that 2016 tax return, did
25 you see that being picked up as income?

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1 A. I did not.

2 Q. Now, Ms. Laporta, in order to call something a loan, do
3 you have to have an intent to actually repay it?

4 A. Yes.

5 Q. Can you call something a loan when it's actually income?

6 A. No.

7 Q. If you do that, if you call something a loan when its
8 income, is that fraud?

9 A. It could be considered fraud.

10 Q. Now, let me ask you, Mr. Downing asked you about the
11 Telmar loan, isn't that right, or supposed loan?

12 A. That's correct.

13 Q. Was Mr. Manafort's 2014 tax return accurate when he
14 called the \$900,000 a loan and not income?

15 A. No, it was not.

16 Q. And so is -- was Mr. Manafort's 2014 tax return still
17 false for 2014 even if he picked it up as income two years
18 later?

19 A. Yes, that's correct.

20 THE COURT: Anything further?

21 MR. ASOBY: Just a little bit, Your Honor.

22 THE COURT: All right.

23 BY MR. ASOBY:

24 Q. Mr. Downing -- do you recall when Mr. Downing asked you
25 about your representations to the bank about \$2.4 million in

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1 accrual income for Mr. Manafort?

2 A. Yes, I do.

3 Q. Okay. And I think you said there's nothing inappropriate
4 about using an accrual P&L; is that correct?

5 A. That's correct.

6 Q. Now, to show as income on an accrual P&L --

7 THE COURT: Go ahead and finish your question.

8 MR. ASONYE: I haven't even finished my thought,
9 but, yes.

10 BY MR. ASONYE:

11 Q. When is income recognized on an accrual basis P&L?

12 MR. DOWNING: Objection, Your Honor. The question
13 to Ms. Laporta earlier had to do with the cash basis P&L and
14 then accounts receivable. I did not ask her a question about
15 an accrual based P&L.

16 THE COURT: Well, I'll overrule the objection. But
17 you might use those words. It might be better, more accurate.
18 Go ahead, Mr. Asonye.

19 BY MR. ASONYE:

20 Q. For an accrual based P&L, when is income recognized?

21 A. In the year.

22 THE COURT: Haven't we been over this?

23 Let's not --

24 (A pause in the proceedings.)

25 THE COURT: Let us not cover ground that has already

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1 been covered.

2 BY MR. ASONYE:

3 Q. Did you receive any evidence that the \$2.4 million was an
4 accounts receivable for Mr. Manafort?

5 A. No, I did not.

6 Q. Did you ask for it?

7 A. Yes, I did.

8 Q. And in that case were you dealing with Mr. Manafort
9 directly?

10 A. Yes, I was.

11 Q. And did you ever get it from him?

12 A. No, I did not.

13 Q. Did he tell you why?

14 A. No.

15 MR. ASONYE: Nothing further, Your Honor.

16 THE COURT: Mr. Downing, any recross based on that?

17 MR. DOWNING: Brief.

18 THE COURT: All right, sir. That's the magic word.

19 **RECROSS-EXAMINATION**

20 MR. DOWNING:

21 Q. Ms. Laporta, with respect to the questions that you were
22 just asked, the Schedule L is the balance sheet on a tax
23 return; is that correct?

24 A. That is correct.

25 Q. And the schedule you put together that you were just

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1 talking about when it looked at the Schedule L's for the tax
2 returns for DMP and DMP International from '05 to '15,
3 correct?

4 A. That is correct.

5 Q. And can you explain from year to year on those
6 Schedule L's, do they have a beginning balance for the items
7 on the balance sheet?

8 A. Yes, they do.

9 Q. And do they have an ending balance?

10 A. Yes, they do.

11 Q. And as part of your preparation of the tax returns, a
12 balance sheet, in fact, has to balance, correct?

13 A. That is correct.

14 Q. And what does that mean?

15 A. That the assets have to equal the liabilities and equity.

16 Q. And with respect to a loan account, from a year-to-year
17 basis, for a loan to go off of the balance sheet, either
18 somebody had to repay it, correct?

19 A. Yes.

20 Q. Or it had to be reclassified; is that correct?

21 A. That is correct.

22 Q. They don't magically disappear, do they?

23 A. No, they don't.

24 MR. DOWNING: No further questions.

25 THE COURT: All right. Thank you. You may step

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1 down. You may be excused.

2 Call your next witness.

3 (Witness excused.)

4 MR. ASONYE: The Government calls Paula Liss.

5 MR. ZEHNLÉ: Your Honor, may I be heard?

6 THE COURT: Yes. At the bench?

7 MR. ZEHNLÉ: Yes.

8 THE COURT: All right. Keep Ms. Liss outside for
9 just a few minutes.

10 (Bench Conference.)

11 THE COURT: Yes, Mr. Zehnle?

12 MR. ZEHNLÉ: Good afternoon, Your Honor.

13 It is my understanding that through Special
14 Agent Liss that the Government intends to introduce Government
15 Exhibit 117. That's what we were advised of.

16 And the defense has an objection to Government
17 Exhibit 117 both for relevancy under 401 and 403 analysis and
18 under -- you know, basically stating that it's irrelevant for
19 many, many purposes.

20 It's a composite exhibit. It deals with more than a
21 dozen separate individuals and entities and purports to state
22 that no FBAR reports were filed for any of these individuals
23 or entities.

24 The defendant's objection --

25 THE COURT: Let me get the report.

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1 (A pause in the proceedings.)

2 THE COURT: Tell me what you think these purport to
3 be, Mr. Zehnle.

4 MR. ZEHNLE: These are essentially certifications
5 from the FinCEN, Financial Crimes Enforcement Network, stating
6 that a search was done for records relating to the filing of
7 foreign bank reports. And it purports to do so for the period
8 of January 1, 2001 through May 25th of this year, 2018.

9 The defense's objection, Your Honor, is that in
10 Counts 11 through 14 of the superseding indictment, the
11 Government has charged Mr. Manafort, and Mr. Manafort alone,
12 for failing to file a foreign bank account report for each of
13 the years 2011, '12, '13, and '14.

14 So the basis for the objection are multiple.

15 Number one, out of these -- and I counted them, I
16 believe there's 14, Your Honor. There's more than a dozen.
17 Out of more of a dozen of these records, the only ones that
18 relate to Mr. Manafort appears to be the first page of the
19 exhibit, Government 117.

20 In addition, the search purports to state that it
21 was done for a period going all the way back to 2001 and
22 continuing all the way up to May 25th of this year, 2018.
23 None of these things have relevance to the four charges
24 related solely to Mr. Manafort with respect to the failure to
25 file the FBARs.

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P. Liss - Direct

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1 And, in fact, under 401 and 403 analysis, it seems
2 that the Government was trying to suggest that he had a duty
3 or a responsibility or an obligation to file these things
4 going back all these years when, in fact, no evidence has been
5 adduced to that whatsoever.

6 THE COURT: What's your response?

7 MR. ASONYE: Well, Your Honor, these are all --
8 these not only Mr. Manafort, but all his related entities. We
9 just saw a chart where he's talking about, I guess, loans from
10 foreign sources for an account that is an affiliate of his.
11 We, of course, to check, A, to show that there was no absence
12 of mistake to show that: Well, maybe his wife, another 50
13 percent partner, filed the FBAR. We, of course, had to go and
14 check. And in addition to --

15 THE COURT: Well, maybe you had to check, but I'm
16 not sure it's admissible. Because that -- these people are
17 not the ones accused of it. And it has -- it has the effect
18 of -- a bit of a smear. But you have already evidence in the
19 record that he checked "no" on his tax returns; is that right?

20 MR. ASONYE: Yeah, but this is an independent and
21 different requirement. The tax return is one requirement.
22 There's a separate statute of a partner that actually filed
23 the FBAR with a different agent.

24 Secondly, Your Honor --

25 THE COURT: But it only accuses him of failing to do

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1 it.

2 MR. ASONYE: Well, the --

3 THE COURT: Do you intend to argue that the
4 Government has not proven that because they didn't do it
5 on evidence -- that -- that John Hannah, LLC, did not file
6 a -- an FBAR?

7 MR. ZEHNLE: Yes, Your Honor. That's my point.
8 There's no evidence that's been adduced.

9 THE COURT: No. Do you intend to argue to the jury
10 that they failed because they didn't show that John Hannah,
11 LLC, did not file an FBAR?

12 MR. ASONYE: Your Honor.

13 MR. ANDRES: No, Your Honor.

14 (Court reporter interruption.)

15 THE COURT: Yes, she can only get one of us at a
16 time.

17 MR. ASONYE: Your Honor, the other thing that's
18 incredibly important here, the defense -- the parties just
19 agreed to a stipulation where we're going to get into the fact
20 that Mr. Manafort and one of his entities responded to the 31
21 subpoenas and these are Mr. Manafort's -- DMPs foreign
22 accounts.

23 And there's no FBAR filing for DMP as well.

24 THE COURT: Well, let me see if I can get my
25 fingers -- or my arms around this.

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1 Who is John Hannah, LLC? It's a name I've never
2 even heard in the case so far.

3 MR. ASONYE: It is, Your Honor. It's one of
4 Mr. Manafort's entities. In fact, if I can grab that chart, a
5 number of entities received these foreign loans, supposed
6 foreign loans.

7 THE COURT: Jesand Investments.

8 MR. ASONYE: These are Manaforts. And he is a
9 member of these entities or his children are a member of these
10 entities. But most of them -- I believe all of them are. But
11 there may be a way. This is the first time we're hearing
12 about it. I can tell you about the ones we care about, Your
13 Honor.

14 THE COURT: All right.

15 MR. ASONYE: We care about Paul Manafort, Kathleen
16 Manafort. That's on their tax return. They probably care
17 more about Rick Gates than we do, but -- Davis Manafort
18 matters and DMP International. Davis Manafort Partners.
19 Those are the most important ones that are critical to this
20 case. The evidence about all of those parties actually having
21 foreign accounts and controlling those accounts and that he
22 never filed a FBAR for any of those. That's highly relevant.
23 The rest we can --

24 THE COURT: Just a minute. I want to get a copy of
25 the indictment.

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1 MR. ZEHNLE: Your Honor, if you want to just look at
2 mine.

3 THE COURT: No.

4 (A pause in the proceedings.)

5 THE COURT: All right. Mr. Zehnle --

6 MR. NANAVATI: Yes, Your Honor.

7 THE COURT: -- do you intend to argue that the
8 Government fails in its allegations on the FBAR, because they
9 didn't cover all of these various other entities?

10 MR. NANAVATI: No, Your Honor. My focus is really
11 if we had -- if they had produced a document that simply said
12 Mr. Manafort did not file -- there's no record of filing FBARs
13 for the years 2011 through 2014, we wouldn't be standing here.

14 THE COURT: Well, you have that, don't you?

15 MR. ASONYE: We have it for those -- no, we don't.
16 What we have, Your Honor, is each entity and they do one
17 search. They cover an entire period.

18 THE COURT: I don't care how they do it. Do you
19 have evidence that Mr. Manafort didn't file FBARs on these
20 four years, which is the crime he's accused of committing?

21 MR. ASONYE: Yes. I mean, we have --

22 THE COURT: All right. Then let's offer that and
23 we'll end with that.

24 MR. ASONYE: Your Honor, it's also absolutely
25 relevant that the company, DMP International did not --

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1 THE COURT: He's not accused of that.

2 MR. ANDRES: He would be required on his tax return.
3 I believe this witness is going to testify it would have
4 been --

5 THE COURT: All right. I said that I'm only going
6 to allow one lawyer, but go ahead, Mr. Andres. Go ahead.

7 MR. ANDRES: I think the requirement would be that
8 because of his position at DMP, he would have had to file
9 those either himself or for his company. So his -- he has an
10 obligation to file not just for himself but for his companies.
11 And so --

12 THE COURT: Well, that's not alleged in the
13 indictment is the problem. And do you intend to argue
14 anything about his entities having filed FBARs?

15 MR. ZEHNLÉ: No, Your Honor.

16 THE COURT: All right. That's the way it's going
17 the stand.

18 MR. ANDRES: Understood.

19 THE COURT: I'm going to sustain the objection. You
20 are limited to these four years and the failure of him and his
21 wife, I think -- doesn't she jointly file with him?

22 MR. ASONYE: Yes.

23 THE COURT: It's a joint return.

24 MR. ZEHNLÉ: The only point I would make in that
25 regard, Your Honor, is that these are done on -- excuse me --

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1 the FinCENs are done on an individual basis. And they didn't
2 charge anything in there with respect to Mrs. Manafort. Or --
3 I mean, there's individuals in here and there's also entities
4 that they are doing this for and they are doing it for a long
5 period of time.

6 THE COURT: Yes. I think you've made your point
7 clear and I've accepted it. I'm not going to allow them to
8 put on evidence that they've not done it for 15 years.

9 I'm going to allow them to show that he didn't file
10 the FBAR on 2011, 2012, 2013, and 2014, because that's what's
11 alleged in the indictment. And if -- if you want to show
12 that, you may do it. How you do it is entirely up to you.

13 MR. ASONYE: I think -- well, I obviously can't do
14 it from the exhibit, Your Honor. It's becomes the longer
15 periods --

16 THE COURT: Yes, but you could maybe ask the person
17 to look -- I'm not going to tell you how to try your case, but
18 I think you have evidence. You just need to present it. And
19 you're not required to go ahead with this witness.

20 MR. ASONYE: Well, Your Honor, may I -- I can either
21 lead her or just have one minute with her to make her clear of
22 the Court's ruling on where we can go. That will probably
23 solve the issue.

24 THE COURT: All right. Well, I'll let you lead --
25 well, did -- did he file -- does the record show that he filed

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1 an FBAR for the years 2012, '13, '14, '15? Yes or no?

2 MR. ASONYE: Yes, I just -- she's --

3 THE COURT: And she can rely on this record to make
4 that statement. Don't you agree?

5 MR. ZEHNL: I'm fine with that, Your Honor.

6 THE COURT: Let's do it.

7 MR. ASONYE: I just -- she's prepped a number of
8 times for the whole thing, so it may not --

9 THE COURT: That's her problem. Don't let her
10 answer. I don't want to take a recess at this time.

11 MR. ANDRES: I agree.

12 THE COURT: Because then we have a long witness,
13 right? We do, don't we?

14 MR. ANDRES: Yes.

15 THE COURT: That's your witness?

16 MR. ANDRES: Yes.

17 THE COURT: All right. Let's proceed.

18 MR. ZEHNL: Thank you, Your Honor.

19 THE COURT: For the record -- just a moment.

20 For the record, the objection is sustained, but the
21 Government is permitted to offer evidence based on the search
22 that relates to the matters that were listed in the
23 indictment.

24 MR. ZEHNL: Understood.

25 THE COURT: And the sustained -- and it's not

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1 relevant, all of those other things. And there is a 403
2 problem with doing it that way. They can convict him for
3 years that he's not alleged to have violated in the
4 indictment. So that is why I'm doing it. Let's proceed.

5 (End of bench conference.)

6 THE COURT: All right. Mr. Asonye, you may proceed
7 in accordance with the Court's ruling, which focuses sharply
8 on what is in the indictment.

9 MR. ASONYE: The Government calls Paula Liss.

10 THE COURT: All right.

11 Come forward and take the oath, please, ma'am.

12 Thereupon,

13 **PAULA LISS,**

14 having been called as a witness on behalf of the Government
15 and having been first duly sworn by the Deputy Clerk, was
16 examined and testified as follows:

17 (Witness seated.)

18 THE COURT: All right. You may proceed, Mr. Asonye.

19 **DIRECT EXAMINATION**

20 BY MR. ASONYE:

21 Q. Good afternoon. Could you please state and spell your
22 last name for the record?

23 A. My name is Paula Liss, L-i-s-s.

24 Q. And how far did you go in school?

25 A. I have a bachelor's degree in accounting.

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1 Q. Do you have any certifications?

2 A. Yes. I'm a certified fraud examiner and a certified
3 anti-money laundering specialist.

4 Q. And, Ms. Liss, if you could scoot up and just speak a
5 little bit closer into the microphone, that will -- that will
6 help some of us who are getting up in age, myself.

7 So do you -- where do you work?

8 A. I work at the Financial Crimes Enforcement Network,
9 commonly known as FinCEN.

10 Q. And what Government agency is FinCEN part of?

11 A. FinCEN is a Bureau of the Treasury Department.

12 Q. What does FinCEN do?

13 A. FinCEN's mission is to protect the U.S. financial system
14 from money laundering, terrorist financing, and other illicit
15 use through the collection --

16 THE COURT: Can we get immediately to the
17 straightforward question? There's no money laundering in this
18 case alleged.

19 BY MR. ASONYE:

20 Q. Where do you -- what's your position at FinCEN?

21 A. I'm a senior special agent.

22 Q. And what are your duties?

23 A. Part of my duties are to search records maintained in
24 FinCEN's database, testify as custodian of record.

25 Q. And are you familiar with a report of foreign bank

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1 account -- bank and financial accounts?

2 A. Yes.

3 Q. Is that also called the FBAR?

4 A. Yes.

5 Q. Okay. What is that?

6 A. An FBAR is required when a U.S. person has a financial
7 interest in or signature or other authority over one or more
8 foreign financial accounts when aggregated exceed \$10,000 at
9 any time during a calendar year.

10 Q. And is the FBAR reporting requirement separate from the
11 requirement to disclose a foreign bank account on an
12 individual tax return?

13 A. Yes.

14 Q. When during the year is the deadline to file an FBAR if
15 you are required to do so?

16 A. It's April 15th of the year following the activity.

17 Q. Now, when was the deadline to file an FBAR in tax years
18 2011 through 2014?

19 A. It was June 30 of the following year.

20 Q. Now, if a person has an obligation to file a FBAR, how is
21 it actually filed?

22 A. Electronically.

23 Q. Was there a time that it could be mailed?

24 A. Yes.

25 Q. When was that?

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1 A. It could be mailed prior to June 30, 2013.

2 Q. And if it was mailed, who was the FBAR mailed to?

3 A. It was mailed to the IRS.

4 Q. Are you familiar with the way that FinCEN keeps records
5 of FBARs?

6 A. Yes.

7 Q. And generally how does FinCEN keep those records?

8 A. They are maintained electronically.

9 Q. And do you have access to those electronic records?

10 A. Yes, I do.

11 Q. Were you asked to conduct a search for FBAR filings in
12 this case?

13 A. Yes.

14 Q. And did you conduct a FBAR filing search for Paul
15 Manafort, the defendant?

16 A. Yes.

17 Q. Let me show you what's marked as Government Exhibit 117
18 in your binder.

19 THE COURT: I thought we discussed that at the
20 bench.

21 MR. ASONYE: I just want her to see it.

22 THE COURT: Just ask her the question as we
23 discussed at the bench. Let's get it done.

24 MR. ASONYE: Trying, Your Honor.

25 THE COURT: Well --

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1 BY MR. ASONYE:

2 Q. Did you -- did you conduct a search of whether Paul
3 Manafort filed an FBAR for the tax years 2011, 2012, 2013, and
4 2014?

5 A. Yes.

6 Q. And who conduct -- who asked you to conduct that search?

7 A. The U.S. government.

8 Q. And what were the results -- what did you find for those
9 tax years?

10 A. There were no FBARs in FinCEN's system of record.

11 MR. ASONYE: Thank you.

12 THE COURT: Any cross-examination?

13 MR. ASONYE: Actually, Your Honor, may I have one
14 moment, Your Honor.

15 THE COURT: Yes, you may.

16 (A pause in the proceedings.)

17 MR. ASONYE: Your Honor, may we approach? There's a
18 question about the Court's ruling.

19 THE COURT: All right. Yes, you may.

20 (Bench Conference.)

21 THE COURT: What's the question?

22 MR. ASONYE: The question is whether we're allowed
23 to ask about any FBAR filings for Kathleen Manafort during the
24 same period? We understood that we were allowed to do so,
25 Your Honor.

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1 THE COURT: Any objection to that?

2 MR. ZEHNL: Your Honor, I was just asking for
3 clarification. I thought initially it was just the husband.

4 THE COURT: I did, but as long -- they filed joint
5 returns --

6 MR. ZEHNL: I'm okay with it, Your Honor.

7 THE COURT: Let's return.

8 (End of bench conference.)

9 THE COURT: All right. You may proceed.

10 BY MR. ASOYE:

11 Q. And, Ms. Liss, for the same period, 2011, 2012, 2013, and
12 2014, did your search yield any results for FBAR filings for
13 Kathleen Manafort, the defendant's wife?

14 A. There were no FBARs in FinCEN's system of record.

15 THE COURT: I didn't hear you.

16 THE WITNESS: There were no FBARs in FinCEN's system
17 of record.

18 THE COURT: Thank you. Cross-examination.

19 MR. NANAATI: Yes, briefly, Your Honor.

20 **CROSS-EXAMINATION**

21 BY MR. ZEHNL:

22 Q. Good afternoon, Agent Liss. My name is Thomas Zehnle,
23 and I represent Paul Manafort in this case.

24 A. Good afternoon.

25 Q. I just wanted to go over a little bit of your testimony a

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P. Liss - Redirect

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1 moment ago. You are familiar with the FBAR, correct?

2 A. Yes.

3 Q. Okay. And I think you testified that in the past it used
4 to be filed on June 30th of the following year; is that
5 correct?

6 A. That's correct.

7 Q. And that was not the same time obviously as income tax
8 returns were generally due, correct?

9 A. That's true.

10 Q. And then it's also now changed to a system whereby it's
11 done electronically; is that correct?

12 A. Yes.

13 Q. And in the past it could have been mailed in by paper,
14 right?

15 A. True.

16 Q. And that was sent to the Detroit center; wasn't that
17 correct?

18 A. Yes.

19 Q. Okay. Now, just in terms of the FBAR so we can clarify
20 this, there are a number of elements that need to be satisfied
21 before a person, a U.S. person, is required to file an FBAR;
22 is that correct?

23 A. Yes.

24 Q. And so one of those elements would be that it has to be a
25 United States person, correct?

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1 A. Yes.

2 Q. And a person can be more than just an individual, right?

3 A. That's correct.

4 Q. It can be a corporation, correct?

5 A. Yes.

6 Q. A U.S. domestic corporation has to file.

7 And the U.S. person has to have a financial interest
8 in the account; is that correct?

9 A. That's one of the ways.

10 Q. And another way is that they have signature authority
11 over the account?

12 A. Yes.

13 Q. Okay. And then there's a definition of what is a foreign
14 financial account, correct?

15 A. Yes.

16 Q. And a financial account can mean more than just a bank
17 account, right?

18 A. That's correct.

19 Q. It can be a securities account, right?

20 A. Yes.

21 Q. It could be an insurance policy with a cash or
22 undervalue, right?

23 A. Yes.

24 Q. There are a number of definitions that deal with what a
25 foreign financial institution is, correct?

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P. Liss - Redirect

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1 A. That's correct.

2 Q. Okay. And then you also said something about aggregating
3 the amounts. And how amounts are aggravated in order to meet
4 the \$10,000 threshold, there are regulations on that as well,
5 correct?

6 A. Yes, there's guidance on that as well.

7 Q. And there are practical issues because if it's a foreign
8 financial account, it might be in currency that's different
9 than U.S. dollars, of course?

10 A. Yes.

11 Q. Okay. So in terms of a corporation's filing
12 requirements, and an individual who owns a corporation, what
13 is the rule in terms of ownership of the corporation in order
14 to require the filing of an FBAR?

15 A. I'm not sure I understand your question.

16 Q. Okay. That was probably my inartful question.

17 How much ownership does a person have to have in a
18 corporation in order to be required to file an FBAR on behalf
19 of that corporation?

20 A. The corporation may have its own filing requirement, and
21 then an individual may have their own filing requirement if
22 they own, directly or indirectly, more than 50 percent of the
23 company.

24 Q. That is, it's more than 50 percent, correct?

25 A. That's correct.

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1 Q. So if it's 50 percent ownership or less, they have no
2 filing requirement?

3 A. Well, you have to take into consideration if they may
4 indirectly own some of that as well.

5 Q. Okay. So if you take that into account and they don't
6 have indirect ownership of it, if it's 50 percent or less,
7 there is no FBAR filing requirements?

8 A. For the individual who owned something in the company,
9 that's correct. Others may have a filing requirement because
10 multiple people can have a filing requirement on one account.

11 Q. Okay.

12 MR. ZEHNLÉ: Nothing further, Your Honor.

13 MR. ASONYE: Your Honor, I believe he's opened the
14 door on some of the --

15 THE COURT: I'm sorry?

16 MR. ASONYE: May we -- I can -- we can approach on
17 this, but we believe his cross opened the door on at least one
18 or two additional filings.

19 THE COURT: I don't agree. I can see that. It's
20 done. But come to the bench anyway.

21 (Bench Conference.)

22 THE COURT: Mr. Zehnle, do you intend to argue that
23 any entities -- well, that Paul Manafort or his wife did not
24 file FBARs because they didn't have 50 percent of a company?

25 MR. ZEHNLÉ: No, Your Honor.

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1 MR. ASONYE: Your Honor, he just basically made the
2 argument. Because their evidence in this case is if a person
3 who doesn't necessarily own 50 percent of DMP, therefore
4 implying that he has no filing responsibility. He also went
5 deeply into personal --

6 THE COURT: But they're not accused of failing to
7 file. We're only focused on his obligation to file. You
8 could have indicted him for more, but you didn't.

9 MR. ASONYE: Then, Your Honor, then he expanded in
10 the area and went into this --

11 THE COURT: Yes, but he's entitled -- he's entitled
12 to -- what he did in cross-examination is to make clear that
13 if he doesn't own 50 percent of a company, he doesn't have to
14 file. If he does own more than 50 percent, then he and the
15 company have to file, but the company hasn't been indicted.
16 Only he has been indicted.

17 So he's entitled to argue that for any company that
18 he only owned 50 percent of, there was no FBAR requirement.
19 Well, that's what he wants to argue. Am I correct?

20 MR. ZEHNL: Correct, Your Honor.

21 MR. ASONYE: And to be clear, Your Honor, in 2010
22 and in 2011, Mr. Manafort owned 100 percent of Davis Manafort
23 Partners.

24 THE COURT: Well, do you have evidence to that?

25 MR. ASONYE: It's already in evidence.

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1 THE COURT: Well, then don't worry about it.

2 MR. ASONYE: Well, Your Honor, that's what we were
3 going to ask her now. That opened the door on that issue. If
4 Mr. Manafort had 100 percent ownership in Davis Manafort
5 Partners, did he have an FBAR requirement and so did Davis
6 Manafort.

7 THE COURT: Yes, but you don't have to -- his
8 failure to file is all you can prosecute because of your
9 indictment. You cannot prosecute that Davis Manafort
10 Partnership didn't file.

11 Do you understand what I'm saying?

12 MR. ASONYE: I understand what you're saying, Your
13 Honor. I just vigorously disagree that he has now opened that
14 issue now by --

15 THE COURT: Well, then you lose the argument. I'm
16 going to permit you to offer as much evidence as you would
17 like that he had an obligation to file and that he didn't
18 file. That is what's in exhibits -- or in the counts 11
19 through 14. The fact that some partnership or some company
20 didn't file, no. But if you have shown that he owns more than
21 50 percent of the company, then he had an obligation to file.
22 Not for the company, but on his own.

23 MR. ASONYE: And, Your Honor, we're going to do that
24 now. I'm going to ask her that on redirect then.

25 THE COURT: All right. You can do that on redirect,

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1 but it can only focus on him. Do you understand that?

2 MR. ASONYE: On Mr. Manafort, understood.

3 MR. ZEHNLLE: Your Honor, if I might just be heard on
4 this. I was -- I was very careful in the way I asked the
5 questions, simply talking about the element of what's required
6 for the filing of an FBAR. Mr. Asonye seems like he wants to
7 bring this into a direct discussion of Mr. Manafort's
8 obligations. I was only asking: What are the elements that
9 are necessary because the jury needs to know that this is a
10 complicated process. This isn't just something where it's
11 like, oh, gee, I've got a foreign account and I have to file.

12 THE COURT: Well, the other --

13 Mr. Flood, let's have the noise in the courtroom
14 kept down, please.

15 THE CSO: Stop talking. Court is in session.

16 THE COURT: Again, I want to emphasize that
17 Mr. Manafort has been indicted for failing to file FBARs for
18 four years, and that is the sharp focus. Now, it's come out
19 that he does have an obligation to file an FBAR if he owns
20 more than 50 percent of a company that had that obligation.
21 The company would have to file it and the individual would
22 have to file it. I think that's right.

23 MR. ASONYE: That's correct.

24 THE COURT: And so what is it, Mr. Zehnle, that you
25 would object to if he emphasizes that point he asks on

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1 redirect. All he would ask is if Mr. Manafort owns more than
2 50 percent, he has to file an FBAR.

3 MR. ASONYE: I mean, Your Honor, the question I
4 would ask is: For 2010 and 2011, Mr. Manafort owned 100
5 percent of Davis Manafort Partners and DMP foreign bank, did
6 he have an obligation to file a FBAR?

7 THE COURT: Any objection to that?

8 MR. ZEHNLE: Well, only to the extent, Your Honor --
9 not on that particular point, but only to the extent that it
10 assumes that all the other elements that I just discussed with
11 this witness --

12 THE COURT: That's a matter of argument. I'll
13 permit you to ask that question and then we're done.

14 Let's proceed.

15 MR. NANAVATI: Thank you, Your Honor.

16 (End of bench conference.)

17 THE COURT: All right. You may proceed in
18 accordance with the ruling at the bench.

19 MR. ASONYE: Okay. One moment, Your Honor.

20 **REDIRECT EXAMINATION**

21 BY MR. ASONYE:

22 Q. Ms. Liss, if in 2010 and 2011 Davis Manafort Partners had
23 a foreign bank account with more than \$10,000 in it and
24 Mr. Manafort owned 100 percent of that company, would he have
25 an FBAR filing requirement in 2010 and 2011?

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1 A. It sounds like it, yes.

2 Q. I'm sorry?

3 A. Yes, yes.

4 MR. ASONYE: No further questions.

5 THE COURT: Any cross?

6 MR. ZEHNL: No, Your Honor.

7 THE COURT: Thank you. You may step down. You may
8 be excused.

9 (Witness excused.)

10 THE COURT: All right. Call your next witness,
11 please.

12 MR. ANDRES: The Government calls Richard Gates.

13 THE COURT: Come forward and take the oath, please,
14 sir.

15 Thereupon,

16 **RICHARD GATES,**

17 having been called as a witness on behalf of the Government
18 and having been first duly sworn by the Deputy Clerk, was
19 examined and testified as follows:

20 (Witness seated.)

21 MR. ANDRES: May I inquire, Judge?

22 THE COURT: Just a moment, please.

23 MR. ANDRES: Sure.

24 THE COURT: Thank you. Proceed, Mr. Andres.

25 **DIRECT EXAMINATION**

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1 BY MR. ANDRES:

2 Q. Please state your name and spell your last name for the
3 record.

4 A. Yes, Rick Gates, G-a-t-e-s.

5 Q. How old are you, Mr. Gates?

6 A. 46 years old.

7 Q. Where do you live?

8 A. Richmond, Virginia.

9 Q. Are you married?

10 A. I am.

11 Q. Do you have children?

12 A. I do.

13 Q. How many children?

14 A. I have four children.

15 Q. Can you describe your educational background, starting
16 with college?

17 A. Yes. I received my bachelor of arts from the College of
18 William and Mary in 1994, and then I received a masters in
19 arts and public policy in 2001.

20 Q. Have you served in the military?

21 A. I did.

22 Q. In what capacity?

23 A. I was in the Virginia Army National Guard.

24 Q. Were you discharged?

25 A. I was.

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1 Q. What was the nature of your discharge?

2 A. Honorable.

3 Q. Since graduating from college, what field have you worked
4 in?

5 A. Primarily political affairs.

6 Q. And can you tell us -- briefly describe what jobs you've
7 held?

8 A. Yes. Since graduating from university, I first served
9 with a lobbying firm called Black, Manafort Stone and Kelly.
10 I then went to work for a company called GTECH Corporation.
11 That was followed by a company called Business Strategies and
12 Insight, then went to work for Scientific Games followed by my
13 employment at Davis Manafort Partners, and then I worked for
14 one of the presidential campaigns most recently.

15 Q. Do you know Paul Manafort?

16 A. I do.

17 Q. How do you know Mr. Manafort?

18 A. I worked for Mr. Manafort from 2006 to 2016.

19 Q. When did you first meet Mr. Manafort?

20 A. I first met Mr. Manafort when I was an intern at his
21 firm, Black, Manafort, Stone and Kelly in 1995.

22 Q. Can you explain the circumstances under which you met
23 Mr. Manafort?

24 A. Yes. I was an intern at the time. Mr. Manafort was
25 hosting a Christmas party at his house.

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1 Q. And you testified that you worked at Black, Manafort,
2 Stone and Kelly. What is that?

3 A. That is a bipartisan political lobbying firm that was
4 based in Alexandria, Virginia.

5 Q. And when you worked there, who did you principally work
6 for?

7 A. At that time, it was one of the named partners, Charlie
8 Black and Rick Davis.

9 Q. Was Mr. Manafort a named partner?

10 A. He was.

11 Q. Did you work with him during that time period?

12 A. No, I did not.

13 Q. And over what period of time did you work at Black,
14 Manafort, Stone and Kelly?

15 A. From 1995 to 1997.

16 Q. Let me direct your attention to 2006.

17 Did you start a new job in that year?

18 A. I did.

19 Q. What month of that year did you start the job?

20 A. October of 2006.

21 Q. And where did you go to work?

22 A. Davis Manafort Partners.

23 Q. And what is Davis Manafort Partners?

24 A. It is a -- it was a political lobbying company that also
25 did work in electoral campaigns.

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1 Q. Did you work with Mr. Manafort at Davis Manafort
2 Partners?

3 A. I did.

4 Q. Okay. At some point, did the name of the firm change?

5 A. It did.

6 Q. Can you explain why it changed and when?

7 A. Yes. The two named partners went their separate ways. I
8 believe the name changed in 2012.

9 Q. And what was it changed to?

10 A. DMP International LLC.

11 Q. And who owned, as far as you knew, DMP International?

12 A. Mr. Manafort.

13 Q. During this time period, from 2006 to 2016, who did you
14 report to?

15 A. Mr. Manafort.

16 Q. And what type of work did you do?

17 A. I did primarily work on political electoral campaigns and
18 then the firm also, at that time, had a private equity fund
19 that it was working on.

20 Q. Did you work internationally?

21 A. I did.

22 Q. Where specifically?

23 A. Primarily in Ukraine.

24 Q. Anywhere else?

25 A. In Cyprus as well.

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1 Q. While you were working for Mr. Manafort, from 2006 to
2 2016, did your responsibility change over time?

3 A. It did. Over the years, my responsibilities increased.
4 As well, we had a number of employees that left the firm over
5 time. So with less employees, I acquired more of the work.

6 Q. What was the process or protocol during that time by
7 which you kept Mr. Manafort up to date on your activities?

8 A. Yes, we typically had calls, e-mail exchanges throughout
9 the week. But that usually culminated in kind of an agenda
10 process where either Mr. Manafort or I would prepare an
11 agenda, and then the other would add items to the agenda to go
12 through kind of on a weekly or biweekly basis.

13 Q. During the course of the time that you worked for
14 Mr. Manafort, did you learn about his educational background?

15 A. I did.

16 Q. Was that -- did you learn about that as part of your work
17 for Mr. Manafort?

18 A. Yes.

19 Q. How?

20 A. In -- as part of my job, I had to put together
21 presentations to describe the firm, and as part of that, I
22 would take and put the bios into the experience that the
23 principals had at the time.

24 Q. And what did you learn about where Mr. Manafort went to
25 school?

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1 A. He went to Georgetown University.

2 Q. And did he have any additional education?

3 A. And then he went to Georgetown University of law school
4 following that.

5 Q. Do you know if Mr. Manafort practiced as a lawyer?

6 A. I don't know. I don't know.

7 Q. Do you know if he had any -- took any continuing legal
8 education courses?

9 A. I believe he took continuing legal education courses.

10 Q. How did you know that?

11 A. I recall, at one point, Mr. Manafort describing that he
12 had to take some classes in continuing legal education.

13 Q. During the time that you worked for Mr. Manafort, how
14 often would you communicate with him?

15 A. Very frequently. I wouldn't say daily, but I mean,
16 sometimes more than a few times a day and then other times
17 throughout the week.

18 Q. How did you communicate with him?

19 A. By e-mail, phone, and text.

20 Q. Did you meet with him in person?

21 A. I did.

22 Q. Where would you meet with him?

23 A. Initially, we met at our Alexandria office until we no
24 longer had the office.

25 And then I would also meet with him at his house in

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1 Alexandria, Virginia.

2 And then later, his condo in Alexandria, Virginia.

3 And then we also had a office temporarily in New
4 York, and also in his New York apartment.

5 Q. In addition to having a professional relationship with
6 Mr. Manafort, did you socialize with him?

7 A. No, outside of business, we didn't, you know, socialize.
8 I was an employee of the firm. And I kind of, you know -- I
9 believe Mr. Manafort viewed me as an employee of the firm, but
10 our work was mainly professional.

11 Q. During the time that you worked for Mr. Manafort, were
12 you involved in criminal activity?

13 A. Yes.

14 Q. Did you commit crimes with Mr. Manafort?

15 A. Yes.

16 Q. Were you indicted for some of those crimes?

17 A. I was.

18 Q. Were you arrested?

19 A. I was.

20 Q. When were you arrested?

21 A. In October of 2017.

22 Q. Did you make a decision about how you wanted to resolve
23 those charges?

24 A. I did.

25 Q. What decision did you make?

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1 A. I made the decision to plead.

2 Q. And when did you plead guilty?

3 A. In February of 2018.

4 Q. As part of your guilty plea, did you enter into a written
5 agreement with the Government?

6 A. I did.

7 Q. Does that agreement contain all the terms of your
8 agreement with the Government?

9 A. Yes.

10 Q. Do you have a binder in front of you? Two binders. The
11 binder that starts with Tabs 2F to 326.

12 Can I ask you to look at Government Exhibit 2F?

13 Can you tell me what that is?

14 A. This is a copy of my plea agreement.

15 MR. ANDRES: Your Honor, I'd like to admit that.

16 THE COURT: 2F, did you say?

17 MR. ANDRES: Yes, Judge.

18 THE COURT: Come quickly to the bench, please.

19 (Bench Conference.)

20 THE COURT: I want to be clear. I'm not sure I am
21 clear. He didn't plead guilty in this case, did he?

22 MR. ANDRES: No.

23 THE COURT: This plea agreement isn't in the form
24 I'm accustomed to. That doesn't mean anything, but he pled
25 guilty to a criminal information?

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1 MR. ANDRES: Yes.

2 THE COURT: And the criminal information was in the
3 D.C. case?

4 MR. ANDRES: Correct.

5 THE COURT: And so am I correct that when the time
6 comes for an assessment of whether he has provided substantial
7 assistance and whether he's been truthful, that's not a
8 judgment I will make. It's a judgment that the judge in the
9 District of Columbia will make?

10 MR. ANDRES: Correct.

11 THE COURT: All right.

12 Yes?

13 MR. DOWNING: Well, I've been in multi-district
14 prosecutions before, and I think, generally, the judge in D.C.
15 will pay deference to your thoughts on the testimony.

16 THE COURT: Perhaps.

17 MR. DOWNING: I mean, I've seen it before, Your
18 Honor.

19 THE COURT: Well, it isn't something that really is
20 of immediate concern. It does bother me a bit, but that's the
21 way it's happened and we'll deal with it.

22 Ultimately, it's her judgment as to whether he has
23 provided substantial assistance. And it's her judgment, as to
24 how much that should count and how that should reduce his
25 sentence. I assume you're going to ask him whether he's been

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1 sentenced yet. And I don't see that she's obligated at all to
2 communicate with me or ask me my views.

3 So I'm not sure it works that way.

4 MR. DOWNING: Okay.

5 THE COURT: If she calls me, I'll give her my views.

6 MR. ANDRES: And, Judge --

7 THE COURT: The problem with that is that it isn't
8 out in the open. She has to explain or give some speculation
9 of why she thinks there's been substantial assistance and why
10 she thinks that quantum of substantial assistance warrants the
11 required reduction that she orders that's required.

12 Your brow is furrowed.

13 MR. ASONYE: I'm sorry, Your Honor, I'm just
14 listening.

15 MR. ANDRES: You're pleasantly listening.

16 THE COURT: Yes, your brow wasn't furrowed, his was.

17 But anyway, I just wanted to be clear. He didn't
18 plead here.

19 MR. ANDRES: Judge, just here is the full scale of
20 the record. And to the extent that -- I know you're not
21 implying this. It's not like we chose to let him plea in one
22 place or the other.

23 THE COURT: Oh, of course not. I'm not implying
24 that.

25 MR. ANDRES: The case is much more developed. It

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1 went -- the only reason we came here, the defendant, as he's
2 entitled to, decided not to waive in that other court.

3 Your Honor, Mr. Gates wasn't indicted in the Eastern
4 District of Virginia and Your Honor dismissed the indictment
5 against him at the Government's request, and that's a term of
6 his plea agreement, which I will elicit.

7 THE COURT: All right. Any objection to any of
8 that?

9 MR. DOWNING: No.

10 THE COURT: Let's go.

11 (End of bench conference.)

12 THE COURT: All right. Mr. Andres, you may proceed.

13 MR. ANDRES: Your Honor, the Government moves to
14 admit Government Exhibit 2F.

15 THE COURT: All right. Without objection?

16 MR. DOWNING: Without objection.

17 THE COURT: It's admitted.

18 (Government's Exhibit No. 2F
19 admitted into evidence.)

20 MR. ANDRES: May I publish that, Judge?

21 THE COURT: Yes, you may.

22 BY MR. ANDRES:

23 Q. Mr. Gates, can I ask you, again, to look at Government
24 Exhibit 2F and tell me what that is?

25 A. Yes, this is a copy of my plea agreement.

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1 Q. Okay. And can I ask you, first, to look at the last
2 page?

3 Did you sign that agreement?

4 A. I did.

5 Q. And did your lawyer sign it?

6 A. He did.

7 Q. And if I could ask you to look at the preceding page, is
8 it also signed by the Government?

9 A. It is.

10 Q. Do you see in the bottom corner, there's writing on each
11 page?

12 A. Yes.

13 Q. What is that?

14 A. Those are my initials with the date.

15 Q. And why did you initial and date each page?

16 A. I was requested by the judge to do so in order to make
17 sure that I read every page.

18 Q. Okay. Let me ask you to turn, again, to the first page
19 of the --

20 THE COURT: Let me ask one further question.

21 MR. ANDRES: Sure.

22 THE COURT: If you'd come up quickly, please. It's
23 very minor, but I want to be sure.

24 (Bench Conference.)

25 THE COURT: I haven't had the opportunity to read it

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1 thoroughly. In virtually every plea agreement in this
2 district, there is an obligation to submit to a polygraph.

3 Is there any reference to a polygraph? Because we
4 strike that routinely when it's admitted in this Court.

5 MR. ANDRES: There is not, Judge. And just so
6 you're clear, these agreements -- this isn't my home district
7 either. So this is the Washington, D.C. district's plea
8 channel that we follow. It was slightly foreign to me, but
9 there is no polygraph. Well, actually --

10 MR. ASONYE: Well actually --

11 MR. ANDRES: -- a forfeiture --

12 THE COURT: If there is, it needs to be stricken.

13 MR. ASONYE: Yes.

14 MR. ANDRES: I'm not going to refer to it.

15 MR. ASONYE: We'll take a look at it and we'll
16 redact it and let the court know.

17 THE COURT: All right. Let's proceed.

18 (End of bench conference.)

19 BY MR. ANDRES:

20 Q. Can you turn now to the first page of the plea agreement?

21 Can I direct your attention to Paragraph 1 where it
22 says, "Charges and statutory penalties"? Do you see that?

23 A. I do.

24 Q. And were you required to plead guilty to one count or two
25 counts?

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1 A. Two counts.

2 Q. And are those listed in Paragraph 1A and 1B?

3 A. Yes.

4 Q. And with respect to Paragraph 1A, what were you charged
5 with?

6 A. One count of conspiracy.

7 Q. Conspiracy against the United States?

8 A. Yes.

9 Q. And with respect to the second count, what were you
10 charged with?

11 A. Making a false statement to the Government.

12 Q. With respect to the Count 1 conspiracy against the United
13 States charge, as part of those -- as part of that crime, who
14 did you conspire with?

15 A. Mr. Manafort.

16 Q. And over what period of time did that conspiracy cover?

17 A. It was 2008 to 2015.

18 Q. Does that conspiracy cover a series of crimes?

19 A. It does.

20 Q. What crimes?

21 A. There was three components to it. I assisted
22 Mr. Manafort in filing his tax returns falsely.

23 Mr. Manafort, with my assistance, did not file a
24 report indicating he had control over foreign banks.

25 And the third was Mr. Manafort did not register as a

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1 foreign agent, which I was aware.

2 Q. You testified that you pled guilty to conspiring with
3 Mr. Manafort to file false tax returns. How are those returns
4 false?

5 A. There are two aspects. One is that the income was
6 underreported.

7 And, two, there was a schedule in the IRS -- IRS tax
8 report that was not checked.

9 THE COURT: That was not what, sir?

10 THE WITNESS: Checked, regarding the foreign bank
11 accounts.

12 THE COURT: Next question.

13 BY MR. ANDRES:

14 Q. With respect to the tax charges that you're talking
15 about, whose tax returns were involved?

16 A. Mr. Manafort's.

17 Q. Can you explain to the jury what you did to conspire with
18 Mr. Manafort to file those false tax returns?

19 A. Yes. Mr. Manafort over the years had requested that I
20 make wire transfers from the offshore accounts. That
21 information was not reported to the accountants. The income
22 was not reported as well.

23 In addition, we did not report the foreign bank
24 accounts. And, then again, we also failed to check the box on
25 the tax returns indicating we had foreign accounts.

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1 Q. With respect to those foreign accounts, where were those
2 foreign accounts housed?

3 A. They were primarily in Cyprus and then the Grenadines,
4 and one in the United Kingdom.

5 Q. And during the time that you were conspiring with
6 Mr. Manafort to file the false tax returns, did you deal with
7 his accountants?

8 A. I did.

9 Q. Did you lie to them?

10 A. Yes.

11 Q. Why?

12 A. We didn't report the income or the fact that the accounts
13 existed.

14 Q. At the time did you understand that it was illegal to
15 file --

16 MR. DOWNING: Objection, Your Honor, nonresponsive.
17 The question was: Why? Why did he lie?

18 THE COURT: Was that your question, Mr. Andres?

19 MR. ANDRES: It was a question or two again, but I
20 don't -- I did ask why. I asked why Mr. Gates lied to the tax
21 accountants.

22 THE COURT: Well, the objection is overruled, but
23 you should clarify it.

24 MR. ANDRES: Sure.

25 BY MR. ANDRES:

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1 Q. You testified that you lied to Mr. -- lied to
2 Mr. Manafort's accountants. Why did you do that?

3 A. Yes. Mr. Manafort requested at different points in the
4 year that we do not disclose the foreign bank accounts.

5 Q. Okay. At the time that you conspired with Mr. Manafort,
6 did you understand that it was illegal to file false U.S. tax
7 returns as to income?

8 A. Yes.

9 Q. And did you understand that it was a crime to fail to
10 identify foreign bank accounts on a tax return?

11 A. Yes.

12 Q. As part of the tax fraud conspiracy, did you provide
13 information to Mr. Manafort's accountants about alleged loans?

14 A. Yes.

15 Q. And can you explain what information you provided?

16 A. Yes. When income came into the company, Mr. Manafort
17 directed whether the income would be treated as income or, in
18 some cases, whether it would be treated as loans.

19 However, the entity that loaned the money was not
20 one of the companies that actually paid for the work that was
21 done. It was actually a company offshore controlled by
22 Mr. Manafort.

23 Q. And were there times that you characterized income as
24 loans?

25 A. Yes.

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1 Q. And why did you do that?

2 A. That was in order to reduce the taxable income on the tax
3 returns.

4 Q. Whose tax returns?

5 A. Mr. Manafort's.

6 Q. And who directed you to characterize the income as a
7 loan?

8 A. Mr. Manafort.

9 Q. Did you have an understanding of how that benefitted
10 Mr. Manafort?

11 A. Yes.

12 Q. How?

13 A. By not including the income and treating it as a loan he
14 was able to defer the ability to pay the increased tax on his
15 tax returns.

16 Q. In the context of the income that was characterized as
17 loans, did you deal with Mr. Manafort's bookkeeper?

18 A. Yes.

19 Q. Who is that?

20 A. Heather Washkuhn.

21 Q. And were you truthful to her about the nature of the
22 income?

23 A. No.

24 Q. And in the course of dealing with these loan issues, did
25 you deal with Mr. Manafort's tax preparers?

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1 A. Yes.

2 Q. And who were they?

3 A. It was primarily Philip Ayliff and Cindy Laporta.

4 Q. And were you truthful to them as to -- were you truthful
5 with them with respect to the nature of the loans and the
6 income?

7 A. No.

8 Q. You testified that you conspired with Mr. Manafort to
9 fail to file foreign bank accounts reports with the Treasury
10 Department. Do you remember that?

11 A. Yes.

12 Q. What did you do that made you guilty of failing to file
13 foreign bank account reports with the Treasury Department?

14 A. We did not submit the required form designating that we
15 had control over a offshore account that was in Mr. Manafort's
16 control.

17 Q. With respect those accounts, did you have discussions
18 with -- with Mr. Manafort's accountants about the FBAR
19 requirements?

20 A. Yes.

21 Q. Okay. And what, if anything, did you tell them about
22 whether Mr. Manafort had false -- had foreign bank accounts?

23 A. We told them that he did not have foreign bank accounts.

24 Q. And when you say "we," who do you mean by "we"?

25 A. Meaning the company or Mr. Manafort.

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1 Q. And when you spoke to the accountants and told them there
2 were no foreign bank accounts, why did you tell them that?

3 A. Mr. Manafort's direction.

4 Q. With respect to those foreign bank accounts, do you know
5 how much money flowed through those accounts?

6 A. Over the years, it was several million dollars.

7 Q. And with respect to those overseas bank accounts that
8 Mr. Manafort controlled, do you know what countries they were
9 in?

10 A. Yes. They were primarily in Cyprus, the Grenadines, and
11 the United Kingdom.

12 Q. And at the time that you conspired with Mr. Manafort to
13 fail to file FBARs, did you know it was illegal to fail to
14 file those FBARs?

15 A. Yes.

16 Q. How did you know it was illegal?

17 A. We were notified by the accounting firm in regards to
18 e-mails that were sent both to myself and Mr. Manafort along
19 with the regulation outlining the definitions of foreign bank
20 accounts.

21 Q. Mr. Gates, you've testified about a variety of foreign
22 bank accounts under Mr. Manafort's control. Can you tell me
23 the names of those accounts and their locations?

24 A. Yes.

25 Q. Slowly.

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1 A. Actinet was in Cyprus. Black Sea View Limited was in
2 Cyprus. Bletilla was in Cyprus. Yiakora was in Cyprus.
3 Peranova was in Cyprus. Olivenia was in Cyprus. Marziola,
4 Cyprus. Serangon, Cyprus. Lucicle, Cyprus.

5 Let me see how many more in Cyprus.

6 And then there were two in the Grenadines, Global
7 Endeavor and Jeaunet.

8 And one in the United Kingdom called Pompolo.

9 Q. Okay. How about a company named -- or an entity known as
10 Leviathan Advisors?

11 A. Yes. Leviathan Advisors was Cyprus, and Global Highway
12 Limited was also Cyprus.

13 Q. How about LOAV?

14 A. LOAV was Cyprus.

15 Q. Do you know if Mr. Manafort's name was listed on any of
16 these accounts?

17 A. Yes, some of them.

18 Q. And was your name listed on any of these accounts?

19 A. It was.

20 Q. Was there anyone else who was listed on the accounts?

21 A. Yes. One other colleague, Mr. Konstantin Kilimnik.

22 Q. Who is Konstantin Kilimnik?

23 A. He's a consultant that worked for Mr. Manafort.

24 Q. Okay. Were there other signatories on these accounts?

25 A. There were.

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1 Q. Who?

2 A. The way that the accounts were set up in Cyprus is that
3 there were two directors from a legal firm that set up the
4 entities so they were the signature panels on the accounts.

5 Q. With respect to the money that was in those accounts,
6 whose money was that?

7 A. Mr. Manafort's.

8 Q. And where did it come from?

9 A. It came from income related to political campaigns that
10 he worked on in Ukraine.

11 Q. Was that income to Mr. Manafort?

12 A. It was.

13 Q. You testified that you also pled guilty to making a false
14 statement to the FBI. Can you explain that charge?

15 A. Yes. It was in regards to a meeting that Mr. Manafort
16 had with a member of the United States Congress.

17 Q. And what false statement did you tell?

18 A. It was a meeting that was, you know, over five years ago.
19 I was not at the meeting. I was given information after the
20 meeting when I was presented with a memo from the government.
21 I had made a mistake and I lied on the -- on the basis of the
22 memo that the meeting had not occurred and it did.

23 Q. When you made the false statement to the government, when
24 did you make that false statement to the government?

25 A. During the interview sessions.

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1 Q. Okay. Was that before or after you pled guilty?

2 A. That was before I pled guilty.

3 Q. As a result of making those false statements to the
4 government, was -- were there consequences?

5 A. There were.

6 Q. What were the consequences?

7 A. The Government added a second charge of making a false
8 statement.

9 Q. And did you plead guilty to that charge as well?

10 A. I did.

11 Q. Can you explain to the jury what effect that second
12 charge had on the amount of time you're facing in jail?

13 A. Yes, it increased it from potentially five years to ten
14 years.

15 Q. Okay. You testified that you pled guilty. When you pled
16 guilty did you appear in front of a federal judge?

17 A. I did.

18 Q. Did the judge explain to you what penalties you're
19 facing?

20 A. She did.

21 Q. For the Count 1 conspiracy against the United States
22 charge, what are the statutory penalties?

23 A. It's up to five years imprisonment, up to a fine of
24 \$250,000, and up to three years of supervised release.

25 Q. With respect to the Count 2 false statement charge, what

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1 penalties are you facing?

2 A. Again, it was up to five years imprisonment, up to
3 \$250,000 in fines, and up to three years of supervised
4 release.

5 Q. And with respect to the total amount of time, jail time
6 you're facing, what is that?

7 A. Up to ten years.

8 Q. Does --

9 THE COURT: What, if anything, were you told about
10 whether the two five-year maximums could run concurrently as
11 well as consecutively?

12 THE WITNESS: I was advised by my attorney that
13 could happen but it was totally up to the judge, as I
14 understood.

15 THE COURT: Next question.

16 BY MR. ANDRES:

17 Q. Does your plea agreement estimate the amount of time you
18 may be facing in jail in terms of something called the
19 sentencing guidelines?

20 A. It does.

21 Q. What does it say?

22 A. It indicates that I could serve up to -- from 57 to 71
23 months.

24 Q. As part of your written agreement with the Government,
25 did you make -- did you make certain promises to the

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1 Government?

2 A. I did.

3 Q. What did you promise to do?

4 A. I promised to tell the truth, I promised to plea, I
5 promised to provide evidence, and I promised to testify if
6 required.

7 Q. Okay. Have you turned over evidence to the Government?

8 A. I have.

9 Q. What evidence have you turned over to the Government?

10 A. Documents, e-mails, computers, and phones.

11 Q. Okay. As part of the written plea agreement, what
12 promises did the Government make to you?

13 A. The Government promised to write a 5K1 letter. It
14 promised not to bring any additional charges.

15 It also promised to drop the charges in regards to a
16 second indictment.

17 And then it also agreed not to oppose my attorney
18 filing a recommendation of probation at sentencing.

19 Q. You testified that the Government agreed to dismiss a
20 second indictment. Where was that indictment brought?

21 A. Here in the Eastern District of Virginia.

22 Q. And what crimes were you charged with in that indictment?

23 A. Related to, primarily, tax fraud, bank fraud, and foreign
24 banks.

25 Q. And were you indicted alone in that case?

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1 A. No.

2 Q. Who else was charged?

3 A. Mr. Manafort.

4 Q. Were you charged with any crimes relating to your own
5 taxes?

6 A. Yes.

7 Q. Can you explain what charges were included in that
8 indictment as they related to your personal tax returns?

9 A. Yes. I was charged with underreporting income on my
10 personal account and then also not disclosing a foreign bank
11 account.

12 Q. Were you also charged with FBAR charges?

13 A. Yes.

14 Q. Okay. And bank fraud?

15 A. Yes.

16 Q. Were you guilty of those charges?

17 A. Yes.

18 Q. With respect to the income on your tax return that you
19 failed to disclose or your false filing, can you explain to
20 the jury what you did to make you guilty?

21 A. Yes. In regards to some of the payments that I received
22 for my compensation, I transferred those from a Cyprus bank
23 account to a UK bank account then transferred them to my U.S.
24 bank account. And I did not report the additional income from
25 the UK account to the U.S. account.

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1 Q. During that time period, did you have a tax preparer?

2 A. I did.

3 Q. Did you use the same tax preparer as Mr. Manafort?

4 A. No.

5 Q. Okay. Were you truthful with your tax preparer about
6 your other income?

7 A. No.

8 Q. Okay. You also testified that you were charged with
9 filing tax returns as it related to overseas accounts. Did
10 you have overseas accounts?

11 A. I did.

12 Q. Okay. Where were they?

13 A. They were based in the United Kingdom.

14 Q. And did you report those on your tax return?

15 A. I did not.

16 Q. With respect to the bank fraud charges, what conduct did
17 that involve?

18 A. That related to a series of loans that Mr. Manafort was
19 attempting to receive.

20 Q. And did you help him with those loans?

21 A. I did.

22 Q. Did you provide fraudulent documents to banks?

23 A. Yes.

24 Q. Did you alter documents?

25 A. Yes.

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1 Q. At the time you did that, did you know it was illegal to
2 send those documents to banks?

3 A. Yes.

4 Q. And did you benefit in any way from those loan
5 applications that Mr. Manafort made?

6 A. No, I did not.

7 Q. You testified that the Government agreed to dismiss the
8 second indictment in the Eastern District of Virginia. Has
9 the Government done that?

10 A. It has.

11 Q. Are there circumstances where those charges could be
12 brought again?

13 A. There is.

14 Q. Under what circumstances could they be re-filed?

15 A. If they -- there's a violation of the plea agreement or I
16 breach the plea agreement then those charges can be brought
17 against me.

18 Q. If you lied during your testimony today, would that
19 violate your agreement?

20 A. It would.

21 Q. You testified that the Government also agreed not to
22 bring additional charges with respect to certain conduct.
23 What were you referring to?

24 A. Yes. I omitted information in a deposition. I added
25 payments to expenses. I also increased my income on a credit

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1 card and mortgage application and then also created an
2 inaccurate letter for a colleague.

3 Q. As far as you're aware, how did the Government become
4 aware of these additional crimes?

5 A. I presented those to the Government at my accord during
6 my interview sessions.

7 Q. Okay. Did you also tell the Government about additional
8 money that you took from Mr. Manafort that wasn't authorized?

9 A. I did.

10 Q. Okay. Let me start with the mortgage fraud. You
11 testified that you lied on a mortgage application. Can you
12 explain to the jury what you did?

13 A. Yes. I increased my income level in regards to
14 submitting the application for the mortgage.

15 Q. How about credit card applications? Have you filed false
16 credit card applications?

17 A. Yes.

18 Q. What did you do?

19 A. Increased the amount of income.

20 Q. Have you filed false expense reports to your employers?

21 A. Yes.

22 Q. Okay. You testified that you were not truthful during a
23 deposition. Can you explain when that was and what happened?

24 THE COURT: You said -- just a moment. You said you
25 filed false expense reports to your employer?

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1 THE WITNESS: Yes.

2 THE COURT: Is that Mr. Manafort?

3 THE WITNESS: Yes.

4 THE COURT: Did he know they were false.

5 THE WITNESS: No.

6 THE COURT: Next question.

7 BY MR. ANDRES:

8 Q. Was it Mr. Manafort and other employers?

9 A. Yes.

10 Q. Okay. You testified that you weren't truthful during
11 deposition. Can you explain what happened and when that was?

12 A. Yes. It was in regards to a private equity fund that the
13 company had set up. We -- the principals of the firm had been
14 deposed in separate settings. During the course of that and
15 in preparation for that Mr. Manafort and I met on several
16 occasions and Mr. Manafort had asked me not to include certain
17 things in the deposition.

18 Q. You testified about a colleague that you worked with,
19 Steve Brown. Do you remember that?

20 A. Yes.

21 Q. Were you involved in a business with him?

22 A. I was.

23 Q. And were you involved in fraudulent conduct with respect
24 to that business?

25 A. Yes.

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1 Q. How so?

2 A. Mr. Brown had asked me, as a favor, to write him a letter
3 in regards to an investment offer that he was making. I
4 represented that the company that we are using had income
5 level that was not accurate.

6 Q. You testified that you took money from Mr. Manafort that
7 wasn't authorized. Can you explain specifically what you did?

8 A. Yes. In essence, I added money to expense reports and
9 created expense reports to receive the additional money.

10 Q. And where did that money come from?

11 A. Primarily from Cyprus.

12 Q. Okay. And approximately how much money did you take from
13 Mr. Manafort that wasn't authorized?

14 A. I don't have an exact number, but approximately, I'd say,
15 several hundred thousand.

16 Q. Okay. And how were you able to take that money from
17 Mr. Manafort and not -- and he not notice?

18 A. I had authority on some of the offshore accounts to move
19 that money.

20 Q. Okay. And were you paid money from those accounts that
21 Mr. Manafort authorized?

22 A. Yes.

23 Q. And how would you make those payments?

24 A. Same basis, through wire transfers.

25 Q. Okay. And Mr. Manafort was aware of those?

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1 A. Yes.

2 Q. With respect to the money that was unauthorized, how
3 would you charge those?

4 A. How do I charge?

5 Q. What -- what was the process by which you would be able
6 to take that money that wasn't authorized?

7 A. Yes. So the way that the wire transfers worked is
8 typically Mr. Manafort would request, you know, me to make
9 wire transfers or he would do it himself. Those transfer
10 requests would be sent to the law firm in Cyprus. They had a
11 separate group that dealt with financial and accounting
12 matters. They would then process the wire transfers that were
13 requested.

14 Q. Okay. And with respect to that money, you identified
15 them as expenses?

16 A. Uh-huh, yes.

17 Q. Okay. And as you identified them expenses, do you know
18 if those charges were passed onto anybody else?

19 A. Yes. Typically, the firm took the expenses from any of
20 the employees that were working on the Ukrainian campaigns,
21 and we submitted those expenses back to the client in Ukraine.

22 Q. Were you ever charged criminally for taking this money
23 from Mr. Manafort in your first indictment?

24 A. No.

25 Q. Were you ever charged with taking this money from

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1 Mr. Manafort in your second indictment?

2 A. No.

3 Q. As far as you know, how does the Gov -- how did the
4 Government find out about these unauthorized monies?

5 A. I made the Government aware of them in our interviews.

6 Q. You testified that the Government promised that if your
7 cooperation was substantial, the Government would not oppose
8 your application for a sentence of probation.

9 Can you explain what that means?

10 A. Yes. It means that on the basis of the Government
11 writing a 5K1 letter, that if I provide substantial
12 cooperation, then my attorney can file a request for probation
13 that the Government would not oppose.

14 Q. And has that recommendation --

15 THE COURT: What's your understanding of who would
16 make the decision?

17 THE WITNESS: The judge makes the decision.

18 THE COURT: Which judge?

19 THE WITNESS: The judge in D.C.

20 THE COURT: Next question.

21 BY MR. ANDRES:

22 Q. You testified about a 5K letter. What is a 5K letter?

23 A. A 5K1 letter is something that the Government writes. It
24 is a summary of everything I've done to cooperate
25 substantially, and it also includes everything I've done wrong

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1 and then that letter is presented to the judge.

2 Q. And who writes the letter?

3 A. The Government.

4 Q. And who does the Government write the letter to?

5 A. It writes it to the judge.

6 Q. Is that letter important to you?

7 A. It is.

8 Q. Why?

9 THE COURT: So we're clear, the judge in D.C.?

10 THE WITNESS: The judge in D.C. yes, Your Honor.

11 THE COURT: Next question. Go ahead, Mr. Andres.

12 BY MR. ANDRES:

13 Q. Who does the prosecutor write the letter to? The judge
14 in D.C., you testified.

15 Is that letter important to you?

16 A. Yes.

17 Q. Why?

18 A. It potentially reduces the amount of time that I can be
19 potentially incarcerated.

20 Q. If the Government writes the letter, is the judge
21 obligated to give you a lower sentence?

22 A. She is not.

23 Q. Okay. Do you understand what will happen to you if you
24 breach this agreement in some way?

25 A. Yes.

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1 Q. What?

2 A. I lose all the benefits associated with the plea
3 agreement.

4 Q. And what happens to your guilty plea?

5 A. The guilty plea would stand.

6 Q. Would you be entitled to a sentencing reduction for your
7 cooperation?

8 A. No.

9 Q. Okay. After your arrest, Mr. Gates, were you released on
10 bail?

11 A. Yes.

12 Q. Are there conditions with respect to your travel?

13 A. There are.

14 Q. Have you always complied with all those conditions?

15 A. No.

16 Q. In what respect did you not comply?

17 A. In one instance I violated the curfew, it was set for
18 11:00, by about 15 minutes. And then I notified the probation
19 office of that violation.

20 Q. Okay. Prior to your testimony here today, did you meet
21 with the Government to prepare?

22 A. I did.

23 Q. And during that time, did you review documents and other
24 materials?

25 A. Yes.

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1 Q. Approximately how many times did you meet with the
2 Government?

3 A. Approximately 20 times.

4 Q. Okay. You testified that in 2006 you began working for
5 Mr. Manafort. Can you explain to the jury what your
6 responsibilities were?

7 A. Yes. When I first started, my first role was to help the
8 firm finalize a private equity fund that it was starting.
9 Following that, I became more involved in the political
10 activities of the firm and the international elections it was
11 working on.

12 Q. Okay. Did Mr. Man -- did Davis Manafort have offices in
13 the United States at the time?

14 A. It did.

15 Q. Where?

16 A. In Alexandria, Virginia.

17 Q. How about offices in the Ukraine?

18 A. It did.

19 Q. Where was that located?

20 A. In Kyiv, Ukraine.

21 Q. Did you work from both offices?

22 A. Yes.

23 Q. With respect to the Alexandria office, how many -- how
24 many employees worked there?

25 A. It ranged over time over the years, but when I first

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1 joined, there were approximately eight employees at the
2 company.

3 Q. And how about the office in Kyiv, how many employees were
4 employed there -- how many -- let me rephrase that. Sorry.

5 With respect to the Kyiv office, how many people
6 worked there?

7 A. It, again, ranged over time depending on the amount of
8 work that was happening. It ranged anywhere from, you know, 5
9 to 12 employees.

10 Q. And who were some of the people that worked in the Kyiv
11 office?

12 A. Some of the original people were Konstantin Kilimnik,
13 Phillip Griffin, Vlad Sivkovych, and then several other local
14 employees that we had hired.

15 Q. And what were Mr. Kilimnik's responsibilities in the Kyiv
16 office?

17 A. He was primarily Mr. Manafort's translator and one of the
18 principal people that interacted with the political people in
19 Ukraine.

20 Q. And you said that he was a translator. Did he speak
21 Ukrainian?

22 A. He spoke Ukrainian and Russian and English.

23 Q. Okay. Did Mr. Kilimnik have a nickname?

24 A. Yes.

25 Q. What was it?

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1 A. KK.

2 Q. Were individuals in the Ukraine often referred to by
3 their initials?

4 A. Yes.

5 Q. Why?

6 A. Because sometimes their names were a little difficult to
7 pronounce or long and it was easier to abbreviate in e-mails.

8 Q. Okay. During the time that you were in the United States
9 and Mr. Kilimnik was in the Ukraine, were you able to
10 communicate with him?

11 A. Yes.

12 Q. Were there any problems with respect to the time
13 difference?

14 A. No.

15 Q. Any problems with respect to the phones?

16 A. No.

17 Q. How about e-mail?

18 A. No.

19 Q. How about Mr. Manafort, did he communicate with
20 Mr. Kilimnik from the United States?

21 A. Yes.

22 Q. How do you know that?

23 A. Because in some instances I was with him when he was
24 communicating with Mr. Kilimnik.

25 Q. Were you able to help direct the efforts in the Ukraine

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1 from the United States?

2 A. Yes.

3 Q. You testified that your first assignment at Davis
4 Manafort Partners related to a private equity fund. Can you
5 explain what you did?

6 A. Yes. The firm was -- at the beginning of starting a
7 private equity fund, we were putting together the documents,
8 that constituted the fund and seeking investment at that time.

9 Q. Okay. When did you first start working on elections in
10 the Ukraine?

11 A. The first election I worked on was the parliamentary
12 election in 2007.

13 Q. And over what period of time did you work on the
14 elections?

15 A. From 2007 to 2014.

16 Q. Who did you report to with respect to your election work
17 in the Ukraine?

18 A. Mr. Manafort.

19 Q. Did you ever learn how Mr. Manafort first started working
20 on elections in the Ukraine?

21 A. I did.

22 Q. Okay. First of all, when did he first start working
23 there?

24 A. It was, I believe, 2005.

25 Q. And what did you understand about how he first started

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1 working there?

2 A. He was introduced to a Ukrainian businessmen that he was
3 helping with a business project, which then later translated
4 to a political project because of the role of the businessmen.

5 Q. And who was that businessman?

6 A. His name was Rinat Akhmetov.

7 Q. Who did you understand Mr. Akhmetov to be?

8 A. He was one of the founders of the party that Mr. Manafort
9 worked for over the years and he was also a very wealthy
10 businessman in Ukraine.

11 Q. Did you refer or people within your company refer to him
12 by his initials?

13 A. Yes.

14 Q. And what were they?

15 A. RA.

16 Q. Okay. You said that he was a wealthy man. Do you know
17 approximately what his net wealth was?

18 A. I mean, in the papers it fluctuated over time, but it was
19 anywhere from --

20 THE COURT: Do you know for any -- on any basis
21 other than what was in the newspapers.

22 THE WITNESS: No.

23 BY MR. ANDRES:

24 Q. Okay.

25 THE COURT: All right. Let's not venture on --

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1 MR. ANDRES: I understand.

2 THE COURT: You don't need it. It's not relevant.

3 Next question.

4 MR. ANDRES: Understood.

5 BY MR. ANDRES:

6 Q. Do you know what business Mr. Akhmetov was in?

7 A. Yes.

8 Q. What business?

9 A. Energy and steel.

10 Q. And did he hold a position in politics in the Ukraine?

11 A. He did.

12 Q. What position?

13 A. He was a member of parliament for a number of years.

14 Q. Was Mr. Akhmetov responsible for paying Davis Manafort --
15 Davis Manafort and DMP International for certain work?

16 A. Yes, he was.

17 Q. What work?

18 A. Largely political work from the time that I started.

19 Q. And how did he make those payments?

20 A. Through wire transfers.

21 Q. Okay. Wire transfers from where to where?

22 A. Generally it was from Cyprus to Cyprus.

23 Q. Okay. And did Mr. Akhmetov make those payments through
24 associates?

25 A. Yes, in some cases he did.

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1 Q. And did they have shelf companies?

2 A. They did.

3 Q. Where were those shelf companies located?

4 A. In Cyprus.

5 Q. I'm sorry, what?

6 A. In Cyprus.

7 Q. And in terms of those contracts or those issues, who
8 negotiated the payments for Mr. Akhmetov?

9 A. Mr. Manafort.

10 Q. And do you know how Mr. Manafort received those payments?

11 A. Through a wire transfer.

12 Q. You testified that Mr. Akhmetov asked Mr. Manafort to set
13 up the Party of Regions. Can you explain to the jury what the
14 Party of Regions is?

15 A. Yes. The Party of Regions was a new political party. At
16 the time, the purpose of it was to create a stable party in
17 Ukraine that brought together many of the different regions in
18 the country.

19 Q. Did Mr. Manafort agree to do this work?

20 A. Yes.

21 Q. And at the start of the Party of Regions, what was the
22 initial work that Mr. Manafort did?

23 A. It was primarily building the party. So it started out
24 party structuring, party platform, creating party leadership,
25 and a party congress. It was kind of, you know, building a

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1 party 101.

2 Q. Who was the leader of the Party of Regions at the time?

3 A. Mr. Viktor Yanukovych.

4 Q. Do you know if Mr. Manafort had a relationship with
5 Mr. Yanukovych?

6 A. Yes.

7 Q. What did you understand that to be?

8 A. The relationship was such that Mr. Manafort, in essence,
9 brought him back from the proverbial political dead.

10 Mr. Yanukovych ran for the presidential election in 2004 and
11 ultimately lost. And Mr. Manafort was successful in bringing
12 him back.

13 Q. When you say "bringing him back," what does that mean?

14 A. Bringing him back, back into the political spectrum.

15 Later on Mr. Yanukovych became prime minister with
16 Mr. Manafort's help and then later he won the presidency in
17 2010 in Ukraine.

18 Q. And what role did Mr. Manafort have in those election
19 successes?

20 A. Mr. Manafort ran the elections, you know, kind of from
21 start to finish.

22 Q. And during the time that you worked for him, how did you
23 assess his political skills or his ability to work in the
24 Ukraine?

25 A. He's probably one of the most, you know, politically

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1 brilliant strategists I've ever worked with.

2 Q. Did Mr. Manafort ever meet with President Yanukovych?

3 A. Yes.

4 Q. Frequently?

5 A. I mean, I think, you know, most of the times that he was
6 in Ukraine, he would meet with him.

7 Q. When you say "he was in Ukraine," who are you talking
8 about?

9 A. Mr. Manafort.

10 Q. Would you attend those meetings?

11 A. No.

12 Q. Why not?

13 A. Those meetings were designed more for kind of the
14 principals to meet. I was not at that level.

15 Q. And with respect to President Yanukovych, was he referred
16 to in the company memos by a certain way?

17 A. He was.

18 Q. How?

19 A. It was either VFY for his initials or sometimes BG or Big
20 Guy.

21 Q. During the course of your work in the Ukraine, did you
22 travel there?

23 A. Yes.

24 Q. How often?

25 A. It was frequently during the elections. And then I did

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1 some work for the private equity fund there as well.

2 Q. Okay. Was there a period of time when you weren't
3 traveling?

4 A. Yes. I traveled primarily from 2007 to 2010 and then
5 2012 to 2014.

6 Q. Can I ask you to take a look at Government Exhibit 338A.
7 Do you see that?

8 A. I do.

9 Q. Can you tell me what's included in Government
10 Exhibit 338A?

11 A. It's a copy of my U.S. passport.

12 Q. Did you provide this passport to the Government as part
13 of your cooperation?

14 A. I did.

15 MR. ANDRES: Your Honor, the Government moves to
16 admit Government Exhibit 338A.

17 MR. DOWNING: Without objection.

18 THE COURT: Admitted.

19 (Government's Exhibit No. 338A
20 admitted into evidence.)

21 MR. ANDRES: May we publish it?

22 THE COURT: Yes, but I -- let's get to the heart of
23 the matter. I doubt a passport --

24 MR. ANDRES: Judge, we've been at the heart of
25 the --

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1 THE COURT: Just listen to me. For goodness sakes.
2 Don't speak when I speak.

3 My point was, I don't see clearly why a passport
4 makes a hill of beans. And I'm going to admit it and allow
5 you to use it, but I want you to focus sharply on what matters
6 in this case so we can get this case done.

7 MR. ANDRES: Your Honor, we have gone through the
8 relevant payments with this witness. When he travels on his
9 passport is relevant, and that's why we're seeking to admit
10 it.

11 THE COURT: All right. You may use it.

12 MR. ANDRES: Thank you.

13 THE COURT: But I don't think there is any dispute
14 about when he was there. Just ask him.

15 MR. ANDRES: Well, this evidence has not been
16 entered yet.

17 THE COURT: Just get on with it, please.

18 MR. ANDRES: Thank you, Judge.

19 BY MR. ANDRES:

20 Q. Can you turn to the first page?

21 A. Yes.

22 Q. And what's the period of time that's covered in this
23 passport?

24 A. It's from April 2009 to April 2011.

25 Q. Okay. And are there passports stamps in here that relate

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1 to the Ukraine?

2 A. There are.

3 Q. Okay. And can I ask you to turn to page Bates No. 00020.

4 A. Mine stops at 0017.

5 Q. Do you see it on the screen?

6 A. Yes.

7 Q. What is that?

8 A. That is entry and exit stamps into Ukraine.

9 Q. Okay. Can I ask you to take a look at Government's
10 Exhibit --

11 THE COURT: Let me ask: Mr. Downing, do you have
12 any dispute about when he was in the Ukraine?

13 THE WITNESS: No, we don't, Your Honor.

14 THE COURT: Why not have just a list of the dates he
15 was there that are undisputed. We can get it into the record
16 and move on.

17 MR. ANDRES: Well, for one, no one has asked for
18 that before and, two, the defense --

19 THE COURT: I am.

20 MR. ANDRES: -- the defense has never raised that
21 before and we're happy to do that, Judge.

22 THE COURT: Good. Do it.

23 BY MR. ANDRES:

24 Q. Can you take a look at Government Exhibit 338B?

25 THE COURT: I'd like to find ways, Mr. Andres, to

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1 expedite the trial of this matter, and that's one way we can
2 do it rather than go through pages of a passport.

3 MR. ANDRES: Judge, I appreciate that. And as you
4 know, each night you've asked us for copies of the exhibits,
5 which we've done. So we've done everything we can to move the
6 trial along, and I think we've succeeded in doing that.

7 THE COURT: All right. Well, you have, and I
8 appreciate what you've given me. But I have no idea just by
9 looking at something that says "passport."

10 In other words, find a way to expedite. You want to
11 show when he was in the Ukraine, fine. Mr. Downing says he
12 doesn't have an objection, so you can show him some summary
13 and get it done in one question.

14 MR. ANDRES: Thank you, Judge.

15 This next passport relates to travel in Cyprus,
16 which has not been admitted yet, so if it's okay --

17 THE COURT: I'll admit it. No objection, is there?

18 MR. DOWNING: No objection, Your Honor.

19 (Government's Exhibit No. 338B
20 admitted into evidence.)

21 BY MR. ANDRES:

22 Q. Can you take a look at Government Exhibit 338B?

23 A. Yes.

24 Q. What is that?

25 A. It's a copy of my passport.

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1 Q. Over what time period?

2 A. From April 2011 to April 2013.

3 Q. Okay. Can I ask you to turn to page, at the bottom,
4 00025?

5 A. Okay.

6 MR. ANDRES: Can I publish that, Your Honor?

7 THE COURT: Yes, you may. Let me be specific,
8 Mr. Andres, if you will submit to Mr. Downing what you want to
9 show as to when this witness was in the Ukraine or Cyprus, let
10 them look at it, see if they have any objection to it. If
11 they don't, I'll admit that. We'll be done with it. We'll
12 move on.

13 MR. ANDRES: Thank you, Judge. It's just going to
14 take a minute.

15 THE COURT: Well, you see, it creates -- all right.
16 Go on.

17 BY MR. ANDRES:

18 Q. With respect to Government Exhibit 338 and the -- on the
19 screen there are number of -- or at least there's one passport
20 stamp from Laranka [sic]. Is that -- am I pronouncing that
21 right?

22 A. Larnaka.

23 Q. What is that? What is Larnaka?

24 A. Larnaka is the capitol of Cyprus.

25 Q. Okay. And did you travel to Cyprus --

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1 A. I did.

2 Q. -- during the course of your work at DMP?

3 A. Yes.

4 Q. Okay. And why did you travel to Cyprus?

5 A. Primarily two reasons: the first was that we worked on
6 some political election work for a candidate, and that
7 individual was also our attorney in Cyprus for our business
8 matters.

9 Q. Okay. What was the name of that individual?

10 A. Kypros Chrysostomides.

11 Q. Okay. Did he have a nickname?

12 A. He did.

13 Q. What was it?

14 A. Dr. K.

15 Q. Okay. With respect to Dr. K, you testified that you
16 worked on some political campaigns for him?

17 A. Yes.

18 Q. Can you explain what you did?

19 A. Yes. In 2008, Cyprus was having a presidential election.
20 Mr. Manafort had been contacted by a business associate and
21 asked us to meet with them and assess whether or not he had a
22 prospect of not only running in the race but potentially
23 winning.

24 Q. Okay. And did you meet with Dr. K?

25 A. We did.

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1 Q. Okay. And you testified that Dr. K also performed
2 certain services with respect to your Cyprus accounts?

3 A. Yes.

4 Q. Can you explain what that was?

5 A. Yes. Dr. K's law firm opened up all of the Cyprus
6 accounts that were under Mr. Manafort's control.

7 Q. Okay. And how did you first meet Mr. -- Dr. K?

8 A. Mr. Manafort invited me to a meeting with Dr. K in
9 Cyprus.

10 Q. Okay. Can I ask you to take a look at Government
11 Exhibit 356.

12 Can you tell me what that is?

13 A. Yes. This is a memo to a businessmen Mr. Manafort knew
14 from Mr. Manafort and Dr. K.

15 Q. And does this relate to the work that you did for Dr. K
16 in Cyprus?

17 A. It does.

18 MR. ANDRES: The Government moves to admit 356.

19 MR. DOWNING: No objection.

20 THE COURT: Admitted.

21 (Government's Exhibit No. 356
22 admitted into evidence.)

23 MR. ANDRES: May I publish it, Your Honor?

24 THE COURT: Yes.

25 BY MR. ANDRES:

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1 Q. Starting from the top of the memo -- can you highlight
2 the top, please -- can you just explain who it's to, from, the
3 subject matter, and the date?

4 A. Yes. The "to" is to Oleg Deripaska. The "from" is from
5 Mr. Manafort, and KC is also Kypros Chrysotomides.

6 Q. And what does it say for the subject?

7 A. The subject is Cyprus.

8 Q. How about the date?

9 A. The date is April 20, 2009.

10 Q. And can you read the first paragraph?

11 A. "Following several conversations in relation to the next
12 steps for KC in Cyprus, presented below is an interim report
13 that summarizes the strategy and the next steps pending your
14 agreement and approval."

15 Q. Okay. You testified earlier about your work with
16 Mr. Manafort in the Ukraine. During the periods of time that
17 he was traveling, were you able to contact him?

18 A. Yes.

19 Q. Okay. And how would you speak with him?

20 A. Either usually by phone or e-mail.

21 Q. And do you know if during the time that Mr. Manafort was
22 traveling, he was able to be in touch with his bill payer?

23 A. Yes.

24 Q. How do you know that?

25 A. Because in some cases I had the e-mails forwarded to me

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1 by Mr. Manafort, you know, seeking action on a document or
2 other matter that he had received from the accountant or
3 bookkeeper.

4 Q. Was there anything about Mr. Manafort's travel that
5 prevented him from speaking to his tax preparers?

6 A. Not to my knowledge.

7 Q. How did you know whether or not he was in contact with
8 his tax preparers?

9 A. Again, I would get e-mails either forwarded by
10 Mr. Manafort or, in some cases, the accountants would reach
11 out to me and say they had talked to Paul and were trying to
12 follow up on certain actions.

13 Q. You testified that you worked on elections in the
14 Ukraine. What was the first election you worked on?

15 A. The parliamentary election in 2007.

16 Q. And can you describe how -- what work you did on that
17 election?

18 A. Yes. That was my first election. I had primarily helped
19 by coordinating a number of the outside consultants that the
20 company used for that election, then also helping writing the
21 messaging and talking points for the Party of Regions.

22 Q. Okay. And can you describe how the parliamentary
23 elections work in the Ukraine?

24 A. Yes. Politics in Ukraine is a little different than the
25 United States. They do not have elections by direct members.

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1 It's done by proportional representation --

2 THE COURT: Do you have an objection?

3 MR. DOWNING: I do. Objection, Your Honor,
4 irrelevant.

5 MR. ANDRES: I'm not sure how this is irrelevant.
6 This is what Mr. Manafort is paid for, for his work in the
7 Ukraine.

8 THE COURT: Well, you don't deny that he was paid.
9 You just deny that -- or the Government takes the position
10 that he didn't report everything he was paid for. Nobody
11 denies that he did work over there.

12 MR. ANDRES: Judge, there has not been a single
13 admission, not a single admission by the defense as to any
14 facts in this case. The fact that they opened on it doesn't
15 mean that they made an admission. It doesn't mean that the
16 Court's not going to instruct the jury they have to find it.
17 It doesn't mean we don't have the burden to do so.

18 THE COURT: I don't see anything in any instruction,
19 that either side has submitted, that calls for an instruction
20 on this.

21 Let me -- go ahead and move on, Mr. Andres, and
22 we'll talk about it after we let the jury go home.

23 But we need to focus sharply. What's in the
24 indictment, what the allegations are, and what each witness
25 can contribute to that.

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1 I certainly hope you don't mean to offer a history
2 of Ukrainian politics or anything of that sort, do you?

3 (Audience laughter.)

4 MR. ANDRES: No. Judge, to be clear, what --

5 THE COURT: Do you? Answer my question.

6 MR. ANDRES: No.

7 THE COURT: All right. Well, keep that in mind.

8 Next question.

9 MR. ANDRES: The Government intends to --

10 THE COURT: Next question, sir.

11 BY MR. ANDRES:

12 Q. With respect to the number of elections that you worked
13 on in the Ukraine, how many elections did you work on?

14 A. I think over the period of time from 2007 to 2014, it was
15 eight to ten.

16 Q. And what type of work did you do?

17 A. Primarily, again, worked in pulling a series of
18 consultants together that we used externally. Also, working
19 with our local staff to pull together messaging, talking
20 points, election integrity efforts, and media and political
21 matters and polling.

22 Q. You testified that you -- did you work on the 2010
23 election of President Yanukovych?

24 A. Yes.

25 Q. Okay. And who won that election?

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1 A. Mr. Yanukovych.

2 Q. Can I show you what's been marked as Government
3 Exhibit 346?

4 Can you tell me what that is?

5 A. Yes. This is a memo from Mr. Manafort to our campaign
6 team and it's in regards to kind of a status of the campaign
7 three weeks out from the election date.

8 Q. And what campaign does that refer to?

9 A. This is in reference to -- let me check real quick -- the
10 presidential campaign in 2010.

11 Q. Okay. And did you work on that campaign?

12 A. I did.

13 Q. Okay. And after that, can -- did you --

14 A. Sorry, I apologize. The date, this is the parliamentary
15 election in 2012.

16 Q. And did DMP and Mr. Manafort work on that campaign?

17 A. It did, yes.

18 MR. ANDRES: Your Honor, the Government moves to
19 admit Government Exhibit 346.

20 MR. DOWNING: No objection.

21 THE COURT: It's admitted. But let me give you an
22 opportunity, Mr. Andres, to tell me a bit more about why you
23 think it's relevant. Come to the bench.

24 (Bench Conference.)

25 THE COURT: All right. Why is it relevant?

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1 THE CSO: Quiet.

2 MR. ANDRES: Is there an objection, Judge?

3 THE COURT: I want to know why it is relevant. Yes,
4 I have an objection to the time this is taking. This witness
5 has testified that he committed crimes, pointed them out. You
6 have evidence that you've -- but you're asking him about what
7 he did in an election and it just doesn't seem relevant. And
8 so I'm giving you an opportunity to tell me why.

9 MR. ANDRES: I'm asking these questions because
10 these are the facts that are alleged in the indictment and
11 this is the money that he'll be paid for. What he's going to
12 testify about shortly about who specifically paid for those
13 elections, for what accounts they used, how they did it.
14 There are a number of individuals --

15 THE COURT: Ask him that directly.

16 MR. ANDRES: Judge, you --

17 THE COURT: You can ask the question directly.

18 MR. ANDRES: And there's also no reason why I can't
19 ask the questions.

20 THE COURT: There is, because we don't have
21 interminable time. Don't look so puzzled (directing comment
22 to Mr. Asonye.)

23 You've tried cases in this Court before.

24 MR. ANDRES: Judge, I disagree that speed is more
25 important than the substance.

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1 THE COURT: I agree that speed isn't more important
2 than substance, but a delay is unnecessary.

3 MR. ANDRES: The suggestion that the Government is
4 somehow delaying the record does not reflect that.

5 THE COURT: You're going into areas that don't seem
6 to be relevant.

7 MR. ANDRES: I understand. But Your Honor -- as
8 Your Honor now knows, I haven't previewed my entire case for
9 you. So I don't know how exactly I'm supposed to explain to
10 the Court before I ever admit any of the evidence what's
11 coming next. And so Your Honor has questions about what's
12 coming next --

13 THE COURT: Look at me when you're talking to me.

14 MR. ANDRES: I'm sorry, Judge, I was.

15 THE COURT: No, you weren't. You were looking at
16 down.

17 MR. ANDRES: Because I don't want to get in trouble
18 for some facial expression. I don't want to get yelled at
19 again by the Court for having some facial expression when I'm
20 not doing anything wrong, but trying my case.

21 So every instance the Court interrupts every single
22 one of the Government's directs, every single one. On the
23 defense direct, they get to bring in documents that aren't
24 even in the relevant time frame.

25 THE COURT: Well, why didn't you object?

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1 MR. ANDRES: We did.

2 THE COURT: Then I ruled on it. You must be quiet.
3 One lawyer at a time. You knew that.

4 (Directing comment to Mr. Asonye.)

5 MR. ANDRES: I'm sorry, Judge.

6 THE COURT: Well, I understand how frustrated you
7 are. In fact, there's tears in your eyes right now.

8 MR. ANDRES: There are not tears in my eyes, Judge.

9 THE COURT: Well, they're watery.

10 Look, I want you to focus sharply on what you need
11 to prove -- to prove the crime. And I don't understand what a
12 lot of these questions have to do with it.

13 Now, let me be clear about the trips to the Ukraine.
14 I'm going to permit you to show those, but I'd like you to
15 expedite things and I don't fault you for not doing this in
16 advance. You could have, but you're not required to. Give
17 him a list of when he was in the Ukraine, and ask them to do
18 that, then we don't have to spend time going page by page
19 through a passport.

20 Now, what is it you want to elicit from him about
21 the work on the campaigns?

22 MR. ANDRES: The memos list the individuals who are
23 paying for the campaigns. They are being updated repeatedly.
24 Their names have not been entered into evidence.

25 The last time we tried to go through the memos, with

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1 the search warrant witness, the Court prevented us from doing
2 that. These are memos that Mr. Gates wrote for Mr. Manafort
3 or was copied on.

4 THE COURT: And what do they show?

5 MR. ANDRES: They show who the -- who's being
6 updated about the campaign. And the people with the initials,
7 the businessmen here, the oligarchs. We're not calling them
8 that obviously, but businessmen who are paying them for
9 the campaign. This is the money trail Your Honor has been
10 asking for for some time and here we are, and yet, we're still
11 having problems submitting our case.

12 THE COURT: How were they paid? They were paid by
13 wire transfers through the Cyprus accounts.

14 MR. ANDRES: Through shell companies. So we have to
15 elicit the name of people who control the accounts. Who the
16 pay masters were, the businessmen, what accounts they held.
17 There's documentary evidence which support that. Your Honor
18 knows very well that Mr. Gates' credibility will be tested
19 severely on cross-examination. And we're simply submitting
20 documents that are going to help how it is he knows what he
21 does.

22 MR. DOWNING: Your Honor, I'm -- I get your point,
23 too. I don't mind working with the Government. If they give
24 us some kind of summary of the contracts for the consulting
25 services and the payments that go into the accounts, we'd be

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1 more than happy to work on this.

2 And by the way, to be clear, this was something I
3 talked to Mr. Andres about before this trial, about getting
4 some of this stuff summarized, getting an agreement on it, and
5 moving through this case.

6 So I definitely did raise it with him and I did not
7 appreciate him saying that earlier. That is not what
8 happened.

9 MR. ANDRES: Okay. So maybe Mr. Downing can send up
10 an e-mail that it doesn't exist. And by the way, Judge,
11 you'll remember not long ago, I tried to show a witness a
12 summary chart and Your Honor wouldn't let it in.

13 THE COURT: That's a different matter.

14 MR. ANDRES: It's not a different matter.

15 THE COURT: I say it's different.

16 Now, you're going to get a chance to introduce those
17 later, but the right way.

18 MR. ASONYE: Can I say something on this point?

19 THE COURT: No, you may not.

20 MR. DOWNING: But I will -- I'll work with
21 Mr. Andres this evening, do my work.

22 THE COURT: Look -- yes, and I want you-all to work
23 to see if you can expedite getting the evidence in this case.
24 You may continue with your examination now.

25 MR. ANDRES: Okay. Thank you, Judge.

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1 (End of bench conference.)

2 THE COURT: All right. Mr. Andres, you may proceed.

3 MR. ANDRES: Thank you, Your Honor.

4 THE COURT: And I didn't exclude anything, so you
5 may proceed as you were doing.

6 MR. ANDRES: Thank you, Judge.

7 BY MR. ANDRES:

8 Q. Can you look at Government Exhibit 342?

9 A. Yes.

10 Q. Can you tell me what that is?

11 A. This is an e-mail chain involving Mr. Kilimnik and
12 Mr. Manafort.

13 Q. Okay. And the attached -- the subject, can you read the
14 subject?

15 A. The subject is ST documents.

16 Q. And the reference to ST, is that an individual?

17 A. It is.

18 Q. Who is ST?

19 A. His name is Serhiy Tihipko.

20 Q. Okay. And was he -- who is Serhiy Tihipko?

21 A. Serhiy Tihipko is -- had his own political party and also
22 supported the Party of Regions that we were working for. And
23 at the point of this e-mail, he was helping as a surrogate on
24 economic matters.

25 Q. In the course of your work in the Ukraine, did

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1 Mr. Tihipko make payments to Davis Manafort and DMP
2 International?

3 A. Yes.

4 Q. For what?

5 A. For a lobbying project involving the EU in the U.S.

6 Q. Okay.

7 MR. ANDRES: Your Honor, the Government moves to
8 admit Government Exhibit 342.

9 MR. DOWNING: No objection, Your Honor.

10 THE COURT: Admitted.

11 (Government's Exhibit No. 342
12 admitted into evidence.)

13 BY MR. ANDRES:

14 Q. With respect to the payments that ST made, or Serhiy
15 Tihipko, how were those payments made?

16 A. By wire transfer.

17 Q. Okay. Wire transfer from where to where?

18 A. From his company in Cyprus to Mr. Manafort's company in
19 Cyprus.

20 Q. And did Mr. Tihipko, did he control certain shell
21 companies in Cyprus?

22 A. Yes.

23 Q. Do you know what the names of those were?

24 A. Yes. The one that was used by Mr. Tihipko was Dresler
25 Holdings, I believe, Dresler Holdings.

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1 Q. Okay. And did they make payments to Mr. Manafort's
2 Cypriote holdings?

3 A. Yes.

4 Q. How do you know that?

5 A. Because I was the one that helped organized the paperwork
6 to -- and initiate the wire transfer from their side.

7 Q. Can you take a look at Government Exhibit 344?

8 Can you tell me what that is?

9 A. Yes. This is a memo drafted by Mr. Manafort in regards
10 to an election integrity program that we were working on for
11 the upcoming parliamentary elections in 2012. And this was to
12 basically outline the strategy for how the Party of Regions
13 members would work with embassies, the media, and MGO's prior
14 to the campaign.

15 MR. ANDRES: The Government moves to admit
16 Government Exhibit 344.

17 MR. DOWNING: No objection.

18 THE COURT: Admitted.

19 (Government's Exhibit No. 344
20 admitted into evidence.)

21 MR. ANDRES: May I publish it?

22 THE COURT: Yes.

23 BY MR. ANDRES:

24 Q. Okay. You testified, Mr. Gates, about the e-mail, the
25 top e-mail. And I'd just ask you to look at the top e-mail

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1 and tell me who the e-mail is to?

2 A. The top e-mail is to Mr. Manafort.

3 Q. And who's it from?

4 A. Mr. Kilimnik.

5 Q. And are you CC'd?

6 A. I am.

7 Q. What's the date?

8 A. Date is July 12, 2012.

9 Q. Okay. Can you tell me what the subject of the e-mail is?

10 A. The subject is EI, which means Election Integrity
11 Outreach International Plan.

12 Q. Okay. And in the e-mail, can you just read the first
13 sentence of the e-mail? Who's it -- after it says, "Paul,"
14 can you just read that first sentence?

15 A. Yeah. "Attached is the final version of the memo. It
16 was given to SL, Levenets, MFA, AK."

17 Q. Okay. The reference to SL, who is that?

18 A. Serhiy Lovochkin.

19 Q. Okay. During the course of the time that you worked in
20 the Ukraine, did Mr. Lovochkin pay for certain services?

21 A. He did.

22 Q. Davis Manafort?

23 A. Yes.

24 Q. What did he pay for?

25 A. He paid for political work and some policy work on behalf

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1 of the Party of Regions.

2 Q. And without giving us a particular number, were those
3 payments in the millions of dollars?

4 A. Yes.

5 Q. Okay. And did DMP International enter into series of
6 work contracts with them?

7 A. Yes.

8 Q. How did Mr. Lovochkin pay for the work to DMP?

9 A. Mr. Lovochkin wired money from his Cyprus account to
10 Mr. Manafort's account in Cyprus.

11 Q. And was his Cyprus account in the name of a shell
12 company?

13 A. Yes.

14 Q. What were the names?

15 A. The two that Mr. Lovochkin primarily used were Taunton
16 Limited and Telmar Investments.

17 Q. And with respect to the way that Mr. Manafort received
18 those payments, where did he receive those payments?

19 A. He received them in Cyprus.

20 Q. Okay. And did he -- when the money got to Cyprus, did he
21 move it to the United States immediately?

22 A. In some cases, he moved some, but he left some in Cyprus
23 as well.

24 Q. Did Mr. Manafort maintain those Cyprus accounts over a
25 period of time?

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1 A. Yes.

2 Q. And was there money in those accounts?

3 A. Yes.

4 Q. Was it millions of dollars?

5 A. Yes.

6 Q. Can I ask you to turn to the memorandum attached to
7 Government Exhibit 344?

8 Can you tell me what that is?

9 A. Yes. This is the memo that Mr. Manafort drafted to
10 several people in the party of leadership, outlining what
11 needed to be done in terms of the election integrity efforts.

12 Q. Okay. Can you tell me who's on the "to" line?

13 A. Yes. SL is Mr. Serhiy Lovochkin.

14 AK is Andriy Klyuyev.

15 ST is Serhiy Tihipko.

16 BVK is Borys Kolesnikov.

17 And KG is Kostyantyn Gryshchenko.

18 Q. And who is KG?

19 A. KG is Kostyantyn Gryshchenko.

20 Q. And what was his position?

21 A. At that time, I believe he was the Minister of Foreign
22 Affairs.

23 Q. Okay. With respect to the four other individuals, SL,
24 AK, ST, and BVK, were they businessmen in the Ukraine?

25 A. They were.

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1 Q. Were they all involved in making payments to
2 Mr. Manafort?

3 A. Yes.

4 Q. Okay. Did they make those payments through shell
5 companies?

6 A. I should say the only one, Mr. Gryshchenko did not make
7 any payments.

8 Q. Correct. So all the people before KG?

9 A. Correct. That's -- yes.

10 Q. Okay. You've testified previously about SL. Who is AK?

11 A. AK is Andriy Klyuyev. He was the first deputy prime
12 minister in the government.

13 Q. Is he also a businessmen in the Ukraine?

14 A. Yes.

15 Q. And did he make payments to Mr. Manafort?

16 A. Yes. Not that many, though.

17 Q. Okay. What entities did he use?

18 A. I think the primary one he used was Novirex Limited.

19 Q. Okay. And --

20 THE COURT: What -- do you know what these payments
21 were for?

22 THE WITNESS: Yes.

23 THE COURT: What?

24 THE WITNESS: Primarily political campaigns with
25 Mr. Klyuyev specifically, since he didn't make that many, and

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1 this one was for polling work that was done.

2 THE COURT: In other words, services?

3 THE WITNESS: Services, yes.

4 THE COURT: Services done in support of these
5 people's political campaigns?

6 THE WITNESS: That's correct.

7 THE COURT: So the people they supported.

8 THE WITNESS: Yes.

9 THE COURT: And you said payments were made by these
10 people or their entities, because you said --

11 THE WITNESS: Their Cyprus entities, yes, Your
12 Honor.

13 THE COURT: I beg your pardon?

14 THE WITNESS: Their Cyprus entities.

15 THE COURT: Yes, to Mr. Manafort.

16 THE WITNESS: Correct.

17 THE COURT: Or his entity?

18 THE WITNESS: His Cyprus entity, yes.

19 THE COURT: Next question.

20 BY MR. ANDRES:

21 Q. The person with -- that's identified as BVK?

22 A. Yes.

23 Q. Can you tell me who that is?

24 A. Yes. That's Borys Kolesnikov. He was in the party
25 leadership. He's very closely associated with Rinat Akhmetov.

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1 And then Mr. Kolesnikov is also the minister of transportation
2 in the government.

3 Q. Okay. And with respect BVK, was he a wealthy
4 businessmen?

5 A. Yes, I think so.

6 Q. Did he make payments to Mr. Manafort?

7 A. He did.

8 Q. And what were those payments for?

9 A. Political work.

10 Q. And did he make those payments through a series of shell
11 companies?

12 A. He did.

13 Q. Do you know what the names of those shell companies are?

14 A. Some that I recall are Mistaro, Inlord Sales -- let's
15 see, Firemax. I think there are some others as well.

16 Q. Okay. Do you have an understanding why these
17 businessmen --

18 THE COURT: Go ahead. Go ahead.

19 BY MR. ANDRES:

20 Q. Do you have an understanding why these businessmen were
21 making payments for political campaigns in the Ukraine?

22 A. Yes. In Ukraine, there's no party structure like there
23 is in the U.S. So you don't really have a Republican National
24 Committee or a Democratic National Committee, so there are no
25 political contributions in Ukraine. And what typically

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1 happens is those people supporting a particular party come
2 together, a budget is created, and then the budget is divided
3 among those people who can contribute to those campaigns.

4 THE COURT: So it is a political contribution.

5 THE WITNESS: A very high one, yes, Your Honor.

6 THE COURT: You've said they did it shelf -- through
7 shelf companies.

8 THE WITNESS: Yes.

9 THE COURT: What did you mean by that?

10 THE WITNESS: Shelf companies are basically
11 companies in Cyprus that have already been set up and remain
12 on the corporate registry in Cyprus and that you're allowed to
13 use. And it's cheaper than to set up a company that you
14 actually create a name for.

15 THE COURT: Well, what does the term "shell" mean?

16 THE WITNESS: I think it's shelf company. You said
17 shell? Yeah, it should be shelf, not shell. Shelf, like
18 meaning they are already on the shelf.

19 THE COURT: Oh, I see.

20 THE WITNESS: Right.

21 THE COURT: Are you saying s-h-e-l-f?

22 THE WITNESS: Correct.

23 THE COURT: I see. All right. Go ahead,
24 Mr. Andres.

25 BY MR. ANDRES:

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1 Q. You testified about the manner in which the -- well, let
2 me ask you this: Did the businessmen in the Ukraine, did they
3 benefit in some way from supporting these elections?

4 A. If the party was successful and that party came to power,
5 then yes. Often they benefitted financially through contracts
6 or ownership of certain companies or percentages of companies.

7 Q. You testified about this manner in which these payments
8 were made from the businessmen in the Ukraine to Mr. Manafort.
9 How did you first learn about that process?

10 A. Mr. Manafort told me, and then later Mr. Kilimnik also
11 confirmed that information.

12 Q. Anything to you about whether or not he was required to
13 open accounts in Cyprus?

14 A. Yes. He indicated that the Ukrainian businessmen and the
15 people that were working on the political parties had directed
16 him to set up Cyprus accounts because the payments would be
17 coming from Cyprus. So it was easier for the Ukrainian
18 businessmen to make those payments.

19 THE COURT: When you come to a good stopping point,
20 I take it you have more that we can't finish today.

21 MR. ANDRES: I can stop now if you'd like, Your
22 Honor.

23 THE COURT: Let's do that.

24 Mr. Gates, you may step down.

25 We will reconvene tomorrow at 9:30. And in the

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1 interim, you may not discuss your testimony with anyone at
2 all, whether lawyer or other.

3 THE WITNESS: Okay. Thank you.

4 (Witness excused.)

5 THE COURT: Ladies and gentlemen, pass your books to
6 the right. Mr. Flood will collect them, maintain their
7 security.

8 Remember, as always, to refrain from discussing the
9 matter with your family or anyone or undertaking any
10 investigation on your own.

11 And avoid, as I find it easy to do, the news or
12 anything, any discussions.

13 Let me ask Mr. Andres: How much more do you
14 anticipate with this witness?

15 MR. ANDRES: Approximately three hours.

16 THE COURT: All right. Gives you a forecast. We'll
17 try, of course, to focus it sharply and ensure that -- that
18 time is spent well.

19 You may follow the court security officer out. I'll
20 see you tomorrow morning at 9:30. You filled out your menus,
21 I hope.

22 Good. See you tomorrow morning.

23 (Jury dismissed.)

24 THE COURT: All right. You may be seated.

25 Mr. Andres, let me give you an opportunity to

1 educate me. I understand that the -- Mr. Andres?

2 MR. ANDRES: I'm listening, Judge. I'm sorry. I
3 was listening.

4 THE COURT: It's customary, as Mr. Asonye will tell
5 you, when I address you to come to the podium and stand, but
6 you can be forgiven.

7 MR. ANDRES: No, no.

8 THE COURT: You can be forgiven that.

9 Anyway, Mr. Andres, I want to give you an
10 opportunity to explain to me why some of this is relevant. I
11 understand that the Government has alleged in the indictment
12 that he received payments from these people in -- and from
13 these organizations and companies that he report on his
14 return. And so I'm not sure that I see clearly what this has
15 to do -- for example, you asked a question: Do these people
16 have something to gain from giving -- giving this money?

17 I don't see any earthly relevance to that.

18 I mean, I don't ask Mr. Koch or Mr. Soros whether
19 they have anything to gain from contributions they make.
20 These are people that are backing political parties and
21 political factions.

22 So maybe I'm not seeing something and maybe you can
23 explain that to me.

24 MR. ANDRES: These people are not making political
25 contributions in the way that you suggest. They're not

1 anything like any Americans. I don't know why you keep
2 singling out these individuals. I don't know anything about
3 their political connections or who they give money to.

4 These people are oligarchs. They are oligarchs.
5 And that means they control a segment of the economy based on
6 the Government's allowing them to do that. The Government,
7 who they support, then provides them with political cover so
8 that they can have a monopoly over certain areas of the
9 economy.

10 Now, Your Honor, and I've done my best --

11 THE COURT: I'm glad you've explained that to me --

12 MR. ANDRES: Yes.

13 THE COURT: -- because that makes it even clearer to
14 me that it doesn't have anything to do with the allegations in
15 this case.

16 I think -- you know, I'm not here to debate with you
17 whether these are good people or bad people. I raised early
18 on about the use of the term "oligarch." I didn't -- it
19 throws dirt on these people. They may deserve it. I don't
20 know and I don't care.

21 What matters is whether he received money and he
22 didn't report it on his income tax. It doesn't matter whether
23 these are good people, bad people, oligarchs, crooks, Mafia,
24 or whatever. It doesn't matter. What matters is that your
25 allegations that he received money that he didn't report on

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1 his income tax, that's what matters.

2 MR. ANDRES: Respectfully, Judge, that is not what
3 the law is.

4 The law is that what he earned as income matters,
5 not if these people gave it as a gift, I want to make sure
6 that's not clear, not if these people gave it for some other
7 reason and that Mr. Manafort earned it, that he earned
8 income --

9 THE COURT: All right. I see that. I see that.
10 But you don't need to throw mud at these people or the cause
11 they supported or the reasons. In fact, some early -- early
12 witnesses said Mr. Manafort was brilliant and so forth and
13 that it was an important aspect in -- I'm here, Mr. Andres.

14 MR. ANDRES: I'm sorry, Judge, I'm listening.

15 THE COURT: I know. But when you look down, it's as
16 if to say, you know, that's BS. I don't want to listen any
17 more from you.

18 MR. ANDRES: Judge, you continue to interpret our
19 reactions in some way. We don't do that to you and we're not
20 being disrespectful in any way.

21 THE COURT: All right. Well, then look at me.

22 MR. ANDRES: Fine.

23 THE COURT: Don't look down. Don't roll your eyes.
24 Don't --

25 MR. ANDRES: I'm not rolling -- I don't understand

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1 how --

2 THE COURT: You may not have rolled your eyes, but
3 you're not the only person sitting on that side.

4 MR. ANDRES: I would find it interesting to see that
5 I was both looking down and you notice that I was rolling my
6 eyes, but I --

7 THE COURT: I told you, Mr. Andres, I wasn't saying
8 you rolled your eyes. I did make a comment about your eyes up
9 here, and I stand by that comment.

10 But, anyway, explain to me why it makes a difference
11 whether the payments came from people you think are immoral
12 and oligarchs or whatever other than that he earned the money.
13 I don't think anyone denies that he did work over there, that
14 he was successful, and they paid him millions of dollars.

15 And I think you have shown that it was paid through
16 these companies in Cyprus. And you need to show, as I think
17 you have evidence, that he didn't report that money on his
18 income tax.

19 But I don't see any need to cast aspersions on
20 whether he was doing the Lord's work or some evil work over
21 there, do you?

22 MR. ANDRES: I wasn't suggesting that in any way. I
23 didn't say a word about oligarchs. I didn't say a word about
24 anything. But, Your Honor -- Your Honor --

25 THE COURT: I stopped that early on.

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1 MR. ANDRES: -- Your Honor then injected that these
2 were political contributions, and they're not really political
3 contributions.

4 THE COURT: Why not?

5 MR. ANDRES: Only with respect to Your Honor
6 injecting a question to the witness about -- because they're
7 not just political contributions, they are these self-serving
8 payments with respect to what the oligarchs are giving to
9 these politicians.

10 THE COURT: You don't think people in the United
11 States when they give --

12 MR. ANDRES: I'm not here to talk about what
13 political people do in a campaign. I'm here to prove a fact.

14 THE COURT: It is political contribution, but it
15 doesn't matter.

16 MR. ANDRES: Fine.

17 THE COURT: What matters is that he received
18 payments and it was for work and, therefore, it's income and
19 he didn't report it. That's what matters.

20 MR. ANDRES: Right. And at every instance when we
21 try to describe the work, that he worked on elections, what he
22 did, Your Honor stops us and tell us to move on. Judge, look
23 at --

24 THE COURT: Oh, the record will reflect I have
25 rarely stopped you in this case.

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1 MR. ANDRES: I will stand by the record as well.

2 THE COURT: All right. Then you will lose.

3 All right. I want to see this matter tried
4 expeditiously. So I am requiring you and Mr. -- well, Downing
5 and anyone else -- for example, on these passports, I want you
6 to get together. There's no dispute about when this fellow --
7 when this witness was in the Ukraine, and it ought to be a
8 simple piece of paper that you can agree to, a stipulation.

9 Going through the thing page by page is unnecessary.
10 And there are other things that I think -- if you want to show
11 that certain payments were made, and certainly you can do so.

12 What I don't think is necessary -- I haven't been
13 through these hundred-plus exhibits that you plan to go
14 through. There were a couple of these e-mails trails that --
15 chains that you admitted that I don't think have much to do
16 with this.

17 All I'm asking is that you look at what you intend
18 to present and see if you can focus it very sharply.

19 MR. ANDRES: Your Honor, it would be helpful for me
20 to do that if you could identify an e-mail chain that you've
21 admitted as relevant evidence, which is not relevant or how
22 it's not relevant --

23 THE COURT: Well, I've admitted a lot of e-mail.
24 I'm not going to go through those.

25 MR. ANDRES: Just asking for one example of a

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1 document that you've admitted --

2 THE COURT: I don't have to give you an example. I
3 want you to shorten it.

4 MR. ANDRES: Your Honor, I don't understand how
5 I'm -- this is a trial. We're going to call witnesses. We're
6 going to try to admit evidence. I don't understand how I'm
7 supposed to combine with Mr. Downing so that he can approve
8 the Government's evidence before it's admitted.

9 I'm not casting any aspersions on Mr. Downing. He
10 has his own work to do.

11 THE COURT: He says he offered to do it. You said
12 he didn't; is that right, Mr. Downing?

13 MR. ANDRES: To do what? To do what?

14 THE COURT: What was it that you said you offered to
15 do and they said you didn't?

16 MR. DOWNING: Your Honor, earlier in the case,
17 before all these witnesses were called to the vendors to talk
18 about the personal expenses, we said to the extent you have a
19 chart and you break it down by vendor, give us the detail.
20 We'll look at it. If we don't have any objection to it, you
21 can put it in evidence. So we feel no differently about the
22 issues that are coming up now.

23 He's got a chart that summarizes the payments that
24 came in, who made the payments, and the purpose of it. We
25 will look at it. And if we have no objections --

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1 THE COURT: Well, didn't you object to a chart that
2 Mr. Asonye offered?

3 MR. DOWNING: I think it was an objection to the
4 timing of a summary coming in.

5 THE COURT: Well, in any event, this case has now
6 gone on -- is this the sixth day, I believe?

7 MR. ANDRES: I think -- I think --

8 THE COURT: I beg your pardon.

9 MR. ANDRES: It might be the fifth.

10 THE COURT: All right. It's -- I think you're
11 right. It is the fifth.

12 But we need to move the matter along.

13 And any way that you can think to do it, Mr. Andres,
14 would be appreciated by the Court, would be appreciated by the
15 jury. And you should cooperate, Mr. Downing.

16 MR. DOWNING: Understood.

17 THE COURT: No reason to -- to extend this. I still
18 am not sure, Mr. Andres, give me another try, tell me why it
19 matters, apart from the fact that whether it's income or a
20 gift, and nobody is going to contend any of this money was a
21 gift, but why it matters for us to go into detail about who
22 these contributors were and so forth.

23 MR. ANDRES: That it prove -- it proves the flow of
24 money. We have to prove where the money came from. And,
25 again, Your Honor, we're all tired. So I don't mean to be

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1 disrespectful, but this seems to me the very type of evidence
2 that Your Honor was saying we should move on to, and here we
3 are. So we're just trying to prove this. We're trying to
4 prove that these men in the Ukraine, Rinat Akhmetov, Serhiy
5 Lovochkin, Borys Kolesnikov are the payers. They pay the
6 money to the DMP.

7 Now, the way they do it are through companies, not
8 in their name, Cyprus companies, and Mr. Manafort's companies
9 that are in Cyprus, not in his name, and that's where the
10 money sits. So there you have the foreign bank accounts which
11 form the basis of the false tax filing.

12 Okay. That money is then moved to the United
13 States. It's income. It's not reported to his accountants.
14 It's used to pay a whole host of different things, and that's
15 the income that's not reported.

16 THE COURT: Well, I agree with everything you've
17 said.

18 Now, tomorrow if you ask a question about who is
19 this guy and what does he do and how does he benefit from
20 giving this money, you will see why I am confused about why
21 that makes any difference.

22 MR. ANDRES: Again, Your Honor, I was just trying to
23 make the record clear -- Mr. Gates never described these as
24 necessarily or simply as political contributions. So I wanted
25 to complete his answer with respect to that.

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1 I'm not -- I'm certainly not going to ask any
2 questions I've already asked. It is not going to happen.
3 That's not my goal. I share your interest in moving it along.

4 I will say that I am -- I -- you know --

5 THE COURT: Tell me why these are not political
6 contributions if they're trying to help get a candidate
7 elected and why it makes any difference.

8 The only thing that matters is that they paid
9 Mr. Manafort money that he didn't report. That's what the
10 case is about.

11 MR. ANDRES: I don't fundamentally disagree with
12 that except for the fact that I don't think it's appropriate
13 to not explain to the jury why they are making these payments,
14 right?

15 So why exactly these people are paying millions and
16 millions of dollars, more than \$60 million over time to
17 Mr. Manafort.

18 It's not -- it's not extraneous or irrelevant to
19 explain that these people control industry and have the money
20 to make the payments. That's all. It's not ten questions.
21 It's one. So --

22 THE COURT: All right. Well, it occurs to me that I
23 am unnecessarily -- I am unnecessarily extending this by
24 continuing this conversation.

25 But you are both under my firm desire that you

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1 should do what you can to expedite this matter and not spend
2 time on matters that aren't relevant.

3 MR. ANDRES: I will do that, Judge, but the notion
4 that we're going to meet with Mr. Downing tonight to help him
5 understand what Mr. Gates' testimony is so we can
6 expedite it --

7 THE COURT: I'm not requiring you to meet with
8 Mr. Downing. I am requiring -- the only thing I've said is
9 give him the chart on the things and -- I'm up here.

10 MR. ANDRES: Sorry.

11 THE COURT: Give him a chart that says when he was
12 in the Ukraine. We'll at least get rid of some of those
13 questions. We don't have to have passports in the record.

14 MR. ANDRES: Got it. Past that.

15 THE COURT: Good. See, and if you can see other
16 areas where you can do it, do it. But you're not required to
17 meet with him.

18 I do want you to make every effort to expedite this
19 matter. And if meeting with Mr. Downing and getting him to
20 stipulate something will expedite it, wonderful.

21 MR. ANDRES: We will do that, Judge. You'll
22 remember from the opening statements that's central to the
23 defense case was that this whole -- whole conspiracy was
24 Mr. Gates doing so. I would just ask the Court for a slight
25 bit of leniency in being able to introduce documents which

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1 corroborate Mr. Gates' testimony, because, obviously, in every
2 case, I'm sure most that you've had, the credibility of a
3 cooperating witness is central.

4 We want to be able to corroborate that with
5 documentary evidence which he had, which we seized from
6 Mr. Manafort's house and the like. So that's why with this
7 witness these documents are critical. I will cut them down --

8 THE COURT: All right. That's a good explanation
9 and I will have that in mind. Anything else you think I
10 should have in mind?

11 MR. ANDRES: That's about it, Judge. We're hoping
12 to finish tomorrow morning and with your instruction, we'll
13 get to moving it along. For sure. And I didn't mean to be
14 disrespectful.

15 THE COURT: Don't worry about it. I'm not concerned
16 about that at all.

17 I remember trying cases. I don't think I ever
18 had -- I had big cases that I thought were important. They
19 were important to me, important to my career. And I remember
20 the stress and I remember the pressure. And so I know that's
21 true for both of you -- I mean all of you.

22 This is a stressful time. So I understand that.
23 But I'm trying to minimize the stress time is all I'm trying
24 to do. And I think we can do it.

25 I don't think this case is as complex as it could be

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1 made to be. I think it's simpler than that.

2 And you do what you think you have to do. And you
3 object if you think he's getting to this irrelevant stuff.

4 And I'll rule on it.

5 MR. ANDRES: Thank you, Judge. Have a good night.

6 THE COURT: All right. We're in recess until 9:30.

7 **(Proceedings adjourned at 5:50 p.m.)**

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CERTIFICATE OF REPORTER

I, Tonia Harris, an Official Court Reporter for the Eastern District of Virginia, do hereby certify that I reported by machine shorthand, in my official capacity, the proceedings had and testimony adduced upon the Jury Trial in the case of the **UNITED STATES OF AMERICA versus PAUL J. MANAFORT, JR.**, Criminal Action No. 1:18-CR-83, in said court on the 6th day of August, 2018.

I further certify that the foregoing 197 pages constitute the official transcript of said proceedings, as taken from my machine shorthand notes, my computer realtime display, together with the backup tape recording of said proceedings to the best of my ability.

In witness whereof, I have hereto subscribed my name, this August 8, 2018.



Tonia M. Harris, RPR
Official Court Reporter